

## IRREVOCABLE UNDERTAKING

To: Northgate plc (*Northgate*)

29 November 2019

Dear Sir/Madam

### Merger of Northgate and Redde

I understand that Northgate and Redde plc (*Redde*) intend to merge through the acquisition by Northgate of all the issued and to be issued ordinary share capital of Redde, substantially on the terms and subject to the conditions set out in the press announcement in respect of the Merger attached as the Appendix to this undertaking (the *Press Announcement*), pursuant to the Scheme or the Offer (in each case, as defined in paragraph 10 below). This undertaking sets out the terms and conditions on which I will vote in favour of the Scheme and/or accept the Offer (as applicable).

### Shareholdings

1. I represent and warrant to Northgate that:
  - (a) I am the registered holder and beneficial owner of 10,000 ordinary shares of 0.1 pence each in the capital of Redde (the *Redde Shares*) and that I hold these free of any encumbrances or third party rights of any kind whatsoever;
  - (b) I am the beneficial owner of 552,500 ordinary shares of 0.1 pence each in the capital of Redde (the *Beneficial Shares*) and that I hold the beneficial interest in such shares free of any encumbrances or third party rights of any kind whatsoever;
  - (c) a person connected with me (within section 253 of the Companies Act 2006) is the legal and beneficial owner of 473,316 ordinary shares of 0.1 pence each in the capital of Redde and the beneficial owner of 996,684 ordinary shares of 0.1 pence each in the capital of Redde;
  - (d) set out below are complete and accurate details of all options, warrants and other rights I may have to subscribe for, purchase or otherwise acquire any securities of Redde:

Number of ordinary shares under award/option pursuant to the Redde PSP:	541,236
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- (e) other than as set out in this paragraph 1, I do not, and nor do any of the persons connected with me (within section 253 of the Companies Act 2006), have any interest (as defined in the City Code on Takeovers and Mergers (the *Code*)) in any securities of Redde or Northgate, or any rights to subscribe for,

purchase or otherwise acquire any such securities, or any short positions (within the meaning set out in the Code) in any such securities; and

- (f) I have full power and authority to enter into this undertaking and to perform my obligations under it in accordance with its terms.

### **Dealings and undertakings**

2. I undertake to Northgate that before this undertaking lapses in accordance with paragraph 12 below, I shall not:

- (a) sell, transfer, charge, encumber, grant any option or lien over or otherwise dispose of any interest in any Redde Shares or any other shares in Redde issued or unconditionally allotted to, or otherwise acquired by me before this undertaking lapses in accordance with paragraph 12 below (***Further Redde Shares***), other than:
- (i) pursuant to the Scheme or the Offer (as the case may be);
  - (ii) that I may, with Northgate's prior written consent (such consent not to be unreasonably withheld or delayed), transfer (or procure the transfer of) some or all of my interest in any Redde Shares or any Further Redde Shares (in one or more transactions) to one or more of my close relatives (as defined in the Code) and/ or related trusts (interpreted in accordance with (2) of the definition of "Acting in concert" in the Code) provided that:
    - (A) such transfer is undertaken as part of my bona fide tax planning; and
    - (B) on or before such transfer, the transferee or beneficiary has entered into an undertaking in favour of Northgate on terms no less favourable to Northgate than those set out in this undertaking;
- (b) accept, in respect of the Redde Shares or any Further Redde Shares, any offer or other transaction made in competition with the Merger (as defined in paragraph 10 of this undertaking);
- (c) exercise any voting rights attaching to the Redde Shares or any Further Redde Shares to vote in favour of any resolution to approve any scheme of arrangement of Redde or other transaction made in competition with (or which otherwise would or would be reasonably be expected to impede, frustrate or delay) the Merger;
- (d) without the consent of Northgate, in relation to the Redde Shares or any Further Redde Shares and in my capacity as a Redde Shareholder, requisition, or join in requisitioning, any general or class meeting of Redde which would or would reasonably be expected to restrict, impede or delay the Scheme

becoming effective or, as the case may be, the Offer becoming unconditional; and

- (e) (other than pursuant to the Merger) enter into any agreement or arrangement or incur any obligation:
  - (i) to do any of the acts referred to in paragraphs 2(a) to 2(d); or
  - (ii) which, in my capacity as a Redde Shareholder, in relation to the Redde Shares or any Further Redde Shares, would or would reasonably be expected to restrict or impede my ability to comply with my obligations under paragraph 5 and/or paragraph 6 (as applicable),

and for the avoidance of doubt, references in this paragraph 2(e) to any agreement, arrangement or obligation includes any agreement, arrangement or obligation whether or not legally binding or subject to any condition or which is to take effect upon or following the Scheme becoming effective or, as the case may be, the Offer becoming unconditional, or the Scheme or Offer (as the case may be) lapsing or being withdrawn or upon this undertaking ceasing to be binding or upon or following any other event.

3. I further undertake not to, until the earlier of:

- (a) this undertaking lapsing in accordance with paragraph 12 below; or
- (b) either the Scheme being approved by the Court or the Offer becoming unconditional as to acceptances (as applicable),

save as required to comply with my obligations under paragraph 5(e) and/or 6(d) (as applicable), acquire any interests (as defined in the Code) or otherwise deal or undertake any dealing (as defined in the Code) in any securities of Redde or Northgate (including, for the avoidance of doubt, exercising any of the options referred to in paragraph 1) unless the Panel on Takeovers and Mergers (the **Panel**) determines, and confirms to you, that, in respect of such acquisition or dealing, I am not acting in concert with you pursuant to Note 9 on the definition of “Acting in concert” set out in the Code.

4. I undertake to cause the registered holder of any Beneficial Shares to comply with the undertakings in paragraphs 2 and 3 above in respect of the Beneficial Shares.

#### **Undertakings to vote in favour of the Scheme and/or to accept the Offer**

5. I undertake to Northgate that, if the Merger is to be implemented by way of the Scheme:

- (a) I shall exercise all voting rights attaching to the Redde Shares and any Further Redde Shares to vote on all resolutions proposed at any general or separate class meeting of Redde or at any adjournment of any such meeting (**General Meeting**) and/or at any meeting or separate class meeting of holders of shares in Redde convened by the Court or at any adjournment of any such meeting



(**Court Meeting**) to be convened and held in connection with the Scheme and/or the Merger, that:

- (i) are necessary to implement the Merger (which shall include any resolution to approve the Scheme and the Redde Special Resolution);
- (ii) would or would reasonably be expected to have any impact on the fulfilment of any Condition to the Merger or, if and to the extent permitted under the Code or considered desirable by the Redde Board, are proposed in connection with any share scheme(s) proposed to be implemented by Northgate following the Effective Date and substantially on the terms approved by the Redde Board; or
- (iii) would or would reasonably be expected to impede, frustrate or delay the Merger in any way (which shall include any resolution to approve a scheme of arrangement relating to the acquisition of any shares in Redde by a third party),

in each case, in such a way as Northgate, acting reasonably, determines will approve, support and/or give effect to the Merger;

- (b) I shall execute any forms of proxy in respect of the Redde Shares and any Further Redde Shares as required by Northgate appointing any person nominated by Northgate to attend and vote at any General Meeting or Court Meeting (or, if applicable, submit the relevant details via CREST or the relevant online appointment website and ensure such person is appointed), in respect of the resolutions referred to in paragraph 5(a), as soon as possible and in any event: (i) in respect of the Redde Shares, not later than 3.00 p.m. on the tenth Business Day after the formal document setting out the terms and conditions of the Scheme (the **Scheme Document**) is despatched; and (ii) in respect of any Further Redde Shares, within two Business Days after I become the registered holder of such Further Redde Shares, if later;
- (c) I shall not revoke the terms of any proxy submitted in accordance with paragraph 5(b), either in writing or by attendance at any General Meeting or Court Meeting or otherwise;
- (d) I shall cause the registered holder of any Beneficial Shares to comply with the undertakings in paragraphs 5(a) to 5(c) in respect of the Beneficial Shares; and
- (e) I shall accept any proposal made by Northgate to holders of options over Redde shares in compliance with Rule 15 of the Code and the terms of the Co-operation Agreement in respect of all such options held by me not later than ten Business Days after Northgate sends such proposals to the holders of options or otherwise ensure that any Redde shares arising on conversion of options participate in the Scheme.

6. I acknowledge that Northgate may elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) to implement the Merger by way of an Offer, as opposed to by way of the Scheme. I undertake to Northgate that, if

Northgate elects (with the consent of the Panel and in accordance with the terms of the Co-Operation Agreement) to implement the Merger by way of an Offer:

- (a) I shall accept the Offer in respect of the Redde Shares in accordance with the procedure for acceptance set out in the formal document containing such Offer (the **Offer Document**) not later than ten Business Days after the posting of the Offer Document by Northgate and shall accept the Offer in respect of any Further Redde Shares in accordance with the same procedure not later than two Business Days after I become the registered holder of the Further Redde Shares;
- (b) if and to the extent permitted under the Code, I shall exercise all voting rights attaching to the Redde Shares and any Further Redde Shares to vote on all resolutions proposed at any General Meeting, to be convened and held in connection with the Merger, that:
  - (i) are necessary to implement the Merger;
  - (ii) would or would reasonably be expected to have any impact on the fulfilment of any Condition to the Merger or, if and to the extent permitted under the Code or considered desirable by the Redde Board, are proposed in connection with any share scheme(s) proposed to be implemented by Northgate following the Effective Date and substantially on the terms approved by the Redde Board; or
  - (iii) would or would reasonably be expected to impede, frustrate or delay the Merger in any way (which shall include any resolution to approve a scheme of arrangement relating to the acquisition of shares in Redde by a third party),in each case, in such a way as Northgate, acting reasonably, determines will approve, support and/or give effect to the Merger;
- (c) I shall cause the registered holder of any Beneficial Shares to accept the Offer in accordance with the procedure for acceptance set out in the Offer Document not later than ten Business Days after Northgate sends the Offer Document;
- (d) I shall accept any proposal made by Northgate to holders of options over Redde shares in compliance with Rule 15 of the Code and the terms of the Co-operation Agreement in respect of all such options held by me not later than ten Business Days after Northgate sends such proposals to the holders of options or otherwise ensure that any Redde shares arising on conversion of options participate in the Offer; and
- (e) I shall not without the prior written consent of Northgate, withdraw any acceptances of the Offer in respect of the Redde Shares or any Further Redde Shares and will cause the registered holder of any Beneficial Shares not to do so.

## Documentation

7. I consent to:
- (a) this undertaking being disclosed to the Panel;
  - (b) the inclusion of references to me and the registered holder of any Beneficial Shares, and particulars of this undertaking and my holdings of, interests in, rights to subscribe for and short positions in relevant securities of Redde being included in the Press Announcement, the Scheme Document, any Offer Document (if applicable), the Northgate Prospectus and the Northgate Circular; and
  - (c) this undertaking being available for inspection as required by Rule 26.1 of the Code or the Listing Rules of the Financial Conduct Authority including, without limitation, being made publicly available on Northgate's and Redde's websites.
8. I acknowledge that I am obliged to make appropriate disclosure under Rule 2.10(c) of the Code by no later than 12 noon on the Business Day after becoming aware that I will not be able to comply with the terms of this undertaking or no longer intend to do so.

## Interpretation

9. Save as set out below, or as otherwise defined in this undertaking, capitalised terms used in this undertaking shall have the same meaning given to them in the Press Announcement.
10. In this undertaking:
- (a) references to the ***Merger*** means the proposed merger of Northgate and Redde to be implemented (at the election of Northgate, with the consent of the Panel and subject to the terms of the Co-operation Agreement) pursuant to the Offer or the Scheme substantially on the terms and subject to the conditions set out in the Press Announcement;
  - (b) references to the ***Offer*** means any offer to be made by Northgate to acquire the entire issued and to be issued share capital of Redde other than that already owned by Northgate or any other member of the Wider Northgate Group substantially on the terms and subject to the conditions set out in the Press Announcement, and a reference to the ***Offer*** also includes any new, increased, renewed or revised offer made by Northgate to acquire the entire issued and to be issued share capital of Redde provided that the value, in the reasonable opinion of the Board of Redde, so advised by J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (***J.P. Morgan Cazenove***), of the consideration to be paid to the shareholders of Redde does not represent a reduction in the value of the consideration set out in the Press Announcement; and



- (c) references to the ***Scheme*** means any scheme of arrangement of Redde under Part 26 Companies Act 2006 for the acquisition by Northgate of the entire issued and to be issued share capital of Redde other than that already owned by Northgate or any other member of the Wider Northgate Group substantially on the terms and subject to the conditions set out in the Press Announcement, and a reference to the ***Scheme*** also includes any new, increased, renewed or revised scheme of arrangement made by Northgate to acquire the entire issued and to be issued share capital of Redde provided that the value, in the reasonable opinion of the Board of Redde, so advised by J.P. Morgan Cazenove, of the consideration to be paid to the shareholders of Redde does not represent a reduction in the value of the consideration set out in the Press Announcement.

### **Time of the essence**

11. Any time, date or period mentioned in this undertaking may be extended by mutual agreement but as regards any time, date or period originally fixed or as extended, time shall be of the essence.

### **Lapse of undertaking**

12. This undertaking shall lapse and my obligations hereunder will lapse and be of no further force and effect on the earliest to occur of the following:

- (a) the Press Announcement is not released by 8.00 a.m. on 29 November 2019 or such later time and/or date as Northgate and Redde may agree;
- (b) Northgate announces that it does not intend to make or proceed with the Merger and no new, revised or replacement Scheme or Offer is announced by Northgate in accordance with Rule 2.7 of the Code at the same time;
- (c) the Offer or Scheme lapses or is withdrawn and no new, revised or replacement Scheme or Offer has been announced by Northgate, in accordance with Rule 2.7 of the Code, in its place or is announced, in accordance with Rule 2.7 of the Code, at the same time;
- (d) if the Merger is being implemented by way of Scheme, if the Scheme Document is not despatched within 28 days of the date of issue of the Press Announcement (or such later date as the Panel may agree);
- (e) if the Merger is being implemented by way of Scheme and the Offeror elects (in accordance with the Co-operation Agreement and in the circumstances set out in the Press Announcement) to exercise its right to implement the Merger by way of the Offer, the Offer Document has not been despatched within 28 days of the date of issue of the press announcement announcing the change in structure (or such later date as the Panel may agree);
- (f) the occurrence of a Northgate Adverse Recommendation Change (as defined in the Co-operation Agreement);

- (g) the occurrence of any breach of the Condition in paragraph 3 of Part A of Appendix 1 to the Press Announcement; or
- (h) on the date on which any competing offer for all the issued and to be issued ordinary share capital of Redde is declared or becomes wholly unconditional or, if proceeding by way of a scheme of arrangement, becomes effective.

If this undertaking lapses, I shall have no claim against Northgate and Northgate shall have no claim against me, save in respect of any prior breach hereof. This paragraph shall survive the lapse of this undertaking.

### **Confirmation**

13. I confirm that in signing this undertaking I am not a client or customer of J.P. Morgan Cazenove, for the purposes of the Conduct of Business Sourcebook of the Financial Conduct Authority and that J.P. Morgan Cazenove is acting for Redde in connection with the Merger and no-one else and is not responsible to anyone other than Redde for providing the protections afforded to customers of J.P. Morgan Cazenove nor for providing advice in relation to the Merger.

14. I confirm that in signing this undertaking I am not a client or customer of Goldman Sachs International for the purposes of the Conduct of Business Sourcebook of the Financial Conduct Authority and that Goldman Sachs International is acting for Northgate in connection with the Merger and no-one else and is not responsible to anyone other than Northgate for providing the protections afforded to customers of Goldman Sachs International nor for providing advice in relation to the Merger.

15. I confirm that in signing this undertaking I am not a client or customer of Barclays Bank plc for the purposes of the Conduct of Business Sourcebook of the Financial Conduct Authority and that Barclays Bank plc is acting for Northgate in connection with the Merger and no-one else and is not responsible to anyone other than Northgate for providing the protections afforded to customers of Barclays Bank plc nor for providing advice in relation to the Merger.

16. I confirm that I have been given an adequate opportunity to consider whether or not to execute this undertaking and to obtain independent advice.

### **Power of attorney**

17. In order to secure the performance of my obligations under this undertaking, I appoint any director of Northgate as my attorney:

- (a) if I fail to comply with any of the undertakings in paragraph 5 and/or paragraph 6 (as applicable), in my name and on my behalf to do all things and to execute all deeds and other documents as may be necessary to ensure compliance with such undertakings in respect of the Redde Shares, the Beneficial Shares and any Further Redde Shares (as appropriate); and
- (b) to execute any form of proxy required by Northgate to appoint any person nominated by Northgate for a General Meeting or Court Meeting in respect of



the Redde Shares, the Beneficial Shares and any Further Redde Shares (as appropriate).

18. I agree that this power of attorney is given by way of security and is irrevocable in accordance with section 4 Powers of Attorney Act 1971 until this undertaking lapses in accordance with paragraph 12.

### **Specific Performance**

19. I agree that, if I fail to comply with any of the undertakings in paragraph 5 and/or paragraph 6 (as applicable) or breach any of my other obligations under this undertaking, damages may not be an adequate remedy and accordingly Northgate shall be entitled to seek the remedies of specific performance, injunction or other equitable relief.

### **Duties as director**

20. For the avoidance of doubt, the undertakings, warranties and representations given by me in this undertaking are given in my capacity as a Redde Shareholder and shall in no way bind, restrict or otherwise prevent me from carrying out my duties as a director of Redde.

### **Third Party Rights**

21. Northgate shall have the right to enforce any term of this undertaking. Any other person who is not party to this undertaking has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this undertaking but this does not affect any right or remedy of a third party which exists or is available apart from that Act. This paragraph shall survive the lapse of this undertaking.

### **Governing Law**

22. This undertaking and any non-contractual obligations arising out of or in connection with this undertaking shall be governed by, and interpreted in accordance with, English law. The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this undertaking including, without limitation disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, termination or the legal relationships established by, this undertaking; and (ii) any non-contractual obligations arising out of or in connection with this undertaking. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction. Each party also irrevocably waives any objection to the recognition or enforcement in the courts of any other country of a judgment delivered by an English court exercising jurisdiction pursuant to this clause. This paragraph shall survive the lapse of this undertaking.

**SIGNED** as a **DEED** and  
**DELIVERED** on the date  
first stated above by  
**Stephen Oakley**  
in the presence of:

Witness

) SIGNATURE:

)

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) SIGNATURE

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) NAME:

) ADDRESS:

**APPENDIX**  
**Press Announcement**



**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EXEMPTED DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE EXISTING NORTHGATE OR NEW NORTHGATE SHARES EXCEPT ON THE BASIS OF THE INFORMATION IN THE SCHEME DOCUMENT, THE NORTHGATE PROSPECTUS AND THE NORTHGATE CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

**29 NOVEMBER 2019**

**RECOMMENDED ALL-SHARE MERGER  
of  
NORTHGATE PLC  
and  
REDDE PLC**

**Summary**

- The Boards of Northgate plc (“Northgate”) and Redde plc (“Redde”) are pleased to announce that they have reached agreement on the terms of a recommended share-for-share merger of Northgate and Redde (the “Merger”). It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement of Redde and the Redde Shareholders under Part 26 of the Companies Act, with the entire issued and to be issued share capital of Redde being acquired by Northgate.
- The merged entity, to be called “Redde Northgate plc”, will be a leading integrated mobility solutions platform with the scale, reach and resources to provide customers with a comprehensive suite of mobility services and the potential to deliver substantial benefits to shareholders, customers, employees and other stakeholders.
- The Boards of Northgate and Redde believe that the Merger has compelling strategic logic and represents an attractive opportunity for both Northgate and Redde to enhance their proposition in the vehicle life-cycle and to deliver synergies, customer benefits and shareholder value.

**The Merger**

- Under the terms of the Merger, each Redde Shareholder will be entitled to receive:

**0.3669 New Northgate Shares for each Redde Share**

- **Immediately following Completion, Northgate Shareholders will own approximately 54 per cent. and Redde Shareholders will own approximately 46 per cent. of the share capital of the Combined Group (based on the fully diluted ordinary issued share capital of Northgate and the fully diluted share capital of Redde, in each case as at the date of this announcement).**

#### **Strategic Rationale for the Merger**

- The Boards of Northgate and Redde believe there is compelling strategic logic for the Merger in that it will:
  - establish a complementary combination with a comprehensive suite of mobility services and a platform from which to create a leading integrated mobility solutions and automotive services business of scale;
  - create a market-leading customer proposition;
  - generate cost synergies underpinned by enhanced scale and optimisation potential;
  - provide the opportunity to unlock attractive revenue synergies; and
  - position the Combined Group with a strong financial profile.
- The Boards of Redde and Northgate believe that the Merger creates an ideal platform to enhance the product and service offerings for their respective customers, deliver attractive growth, and represents an exciting opportunity for employees, customers and management of both Redde and Northgate.
- Opportunities for cost and revenue synergies have been identified which support the significant shareholder value creation opportunity of the Merger. The Boards of Northgate and Redde expect that the Merger will generate pre-tax cost synergies of at least £10 million per annum, with target run-rate phasing of £7 million at the end of the first 12 months following Completion and £10 million at the end of the second 12 months following Completion. The Boards of Northgate and Redde also believe there is a significant opportunity for revenue synergies due to the ability of the Combined Group to cross-sell and offer new products and services to existing and new customers.
- The Merger is anticipated to deliver a post-tax return on invested capital which exceeds Northgate's weighted average cost of capital by the end of the first full financial year following Completion.

#### **Governance of the Combined Group**

- Following Completion:
  - Avril Palmer-Baunack, currently non-executive chairman of Northgate, will become non-executive chairman of the Combined Group;
  - Martin Ward, currently CEO of Redde, will become CEO and an executive director of the Combined Group;

- Philip Vincent, currently CFO of Northgate, will become CFO and an executive director of the Combined Group; and
- the Board of the Combined Group will include non-executive directors from Redde and Northgate.

### **Redde Recommendation and Irrevocable Undertakings**

- The directors of Redde, who have been so advised by J.P. Morgan Cazenove as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. J.P. Morgan Cazenove is providing independent financial advice to the directors of Redde for the purposes of Rule 3 of the Code. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the directors of Redde.
- Accordingly, the directors of Redde intend unanimously to recommend Redde Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Redde General Meeting as the directors of Redde (together with a close relative of Martin Ward) have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 4,687,303 Redde Shares (representing approximately 1.53 per cent. of the Redde Shares in issue on 27 November 2019, being the latest practicable date prior to the date of this announcement).

### **Northgate Recommendation and Irrevocable Undertakings**

- The Merger (as a class 1 transaction for Northgate for the purposes of the Listing Rules) and the issuance of New Northgate Shares under the Merger require the Northgate Shareholder Resolutions to be approved by simple majority of the votes cast by Northgate Shareholders represented in person or by proxy at the Northgate Shareholder Meeting.
- The directors of Northgate consider the Merger to be in the best interests of Northgate Shareholders as a whole. Accordingly, the directors of Northgate intend unanimously to recommend to Northgate Shareholders to vote in favour of the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting. The directors of Northgate have irrevocably undertaken to vote in favour of the Northgate Shareholder Resolutions, and, subject to the terms of the relevant undertaking, any other resolution that may be proposed at the Northgate Shareholder Meeting, in respect of their own beneficial holdings of, in aggregate, 65,023 Northgate Shares (representing approximately 0.05 per cent. of the Northgate Shares in issue on 27 November 2019, being the latest practicable date prior to the date of this announcement).
- The directors of Northgate have received financial advice from Goldman Sachs and Barclays in relation to the Merger. In providing their advice, Goldman Sachs and Barclays have taken into account the commercial assessments of the directors of Northgate.

### **General**

- The Boards of Northgate and Redde have agreed to retain their current dividend policies for the period prior to Completion. Following the Merger and subject to the approval of the Board of the Combined Group, the Combined Group intends to adopt



a progressive dividend policy consistent with a strategy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that the dividend will be covered by the Combined Group's profit after tax by around two times. The Combined Group will look to pay interim dividends that are 50 per cent. of the prior final dividend.

- It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement of Redde under Part 26 of the Companies Act, further details of which are contained in the full text of this announcement (and will be included in the Scheme Document). Northgate reserves the right to implement the Merger by way of a Takeover Offer, subject to the Panel's consent and the terms of the Co-operation Agreement.
- The Merger will be conditional on, among other things: (i) the requisite approvals of the Redde Shareholders for the Scheme and the Merger; (ii) the requisite approvals of the Northgate Shareholders for the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting; (iii) the requisite approvals of the FCA and the SRA; (iv) the Court sanctioning the Scheme and the Merger becoming effective no later than the Longstop Date; and (v) the satisfaction of all other relevant conditions, including the Conditions and certain further terms set out in Appendix 1 to this announcement.
- It is expected that the Scheme Document, containing further information about the Merger and notices of the Court Meeting and Redde General Meeting, together with the Forms of Proxy and the Northgate Prospectus will be posted to Redde Shareholders and (for information only) participants in the Redde Share Plans as soon as practicable and, in any event, within 28 days of this announcement (or on such later date as may be agreed by Northgate and Redde with the consent of the Panel).
- It is expected that the Northgate Prospectus and the Northgate Circular, the latter of which will contain further information about the Merger and notice of the Northgate Shareholder Meeting, will be published and, in the case of the Northgate Circular, mailed to Northgate Shareholders, at or around the same time as the Scheme Document is posted to Redde Shareholders.
- The Scheme Document, the Northgate Prospectus and the Northgate Circular will each be made available by Northgate on its website at [www.northgateplc.com](http://www.northgateplc.com) and by Redde on its website at [www.redde.com](http://www.redde.com).
- The Northgate Shareholder Meeting will be held on the same day as the Redde Meetings, which are expected to be held in January 2020. The Scheme is expected to be effective during Q1 2020, subject to satisfaction or (where applicable) waiver of the Conditions and certain further terms set out in Appendix 1 to this announcement.
- Northgate has today released its interim results for the six month period to 31 October 2019. A copy of the announcement will be available on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com).

Commenting on today's announcement, Avril Palmer-Baunack, non-executive chairman of Northgate said:

“The board is delighted to announce the recommended merger of Northgate and Redde. The combination will create a champion automotive services business with scale, reach and resources to provide mobility solutions to a broad customer base. The merger has compelling strategic logic – delivering an enlarged platform providing enhanced mobility solutions for vehicles and their users throughout the automotive services value chain. Both boards have identified significant cost synergies and opportunities for revenue cross-sell. This merger represents an attractive opportunity for both companies to further enhance their market-leading positions, delivering synergies, customer benefits and shareholder value.”

Commenting on today’s announcement, John Davies, chair of Redde said:

“I am genuinely excited at the potential opportunities this merger brings. Redde is uniquely placed in its markets to deliver large scale B2B and B2C services and has a proven track record of delivering exceptional customer service. Combining Redde’s talent with Northgate’s scale and market-leading presence creates a platform business that has much potential and I am particularly looking forward to working with a highly talented management team, which has proven skill and vision to drive shareholder value. Our employees and stakeholders will be well served by this combination and their support is welcomed.”

**This summary should be read in conjunction with, and is subject to, the full text of the following announcement (including its Appendices). The Merger will be subject to the Conditions and certain further terms set out in Appendix 1 and to the full terms and conditions to be set out in the Scheme Document. Appendix 2 contains the sources of certain information and bases of calculations contained in this summary and the following announcement. Appendix 3 contains details of the irrevocable undertakings received in relation to the Merger. Appendix 4 sets out the Northgate Quantified Financial Benefits Statement, together with reports from PwC, Northgate’s reporting accountants, and Goldman Sachs and Barclays, Northgate’s joint financial advisers, as required under Rule 28.1(a) of the Code. Appendix 5 contains the confirmation by the directors of Northgate in relation to the Northgate Statement. Appendix 6 contains the definitions of certain terms used in this summary and the following announcement.**

A copy of this announcement and a presentation regarding the Merger will be available on Northgate’s website at [www.northgateplc.com](http://www.northgateplc.com) and on Redde’s website at [www.redde.com](http://www.redde.com).

## **Enquiries**

**Northgate** +44 (0) 7808 212 964

Kirsty Law, Investor Relations

**Goldman Sachs International (lead joint financial adviser to Northgate)** +44 (0) 20 7774 1000

Bertie Whitehead

Nick Harper

Jose Barreto

**Barclays (joint financial adviser and corporate broker to Northgate)** +44 (0) 20 7623 2323

Richard Probert

Osman Akkaya

Milan Solanki

**Buchanan Communications** +44 (0) 207 466 5000

David Rydell

Jamie Hooper

**Redde** +44 (0) 122 532 1134

Martin Ward

Stephen Oakley

**J.P. Morgan Cazenove (sole financial adviser to Redde)** +44 (0) 207 742 4000

Charles Harman

James Robinson

Wendy Hohmann

**Cenkos Securities plc (nominated adviser and joint broker to Redde)** +44 (0) 207 397 8900

Giles Balleny

Nick Wells

**Square1 Consulting Limited** +44 (0) 207 929 5599

David Bick

Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Northgate in connection with the Merger.

Bryan Cave Leighton Paisner LLP is acting as legal adviser to Redde in connection with the Merger.



## **Further information**

*This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Merger or otherwise, nor shall there be any sale, issuance or transfer of securities of Redde in any jurisdiction in contravention of applicable law. Subject to the right of Northgate to implement the Merger by way of a Takeover Offer, the Merger will be made solely by means of the Scheme Document, which will contain the full terms and conditions of the Merger and, together with the Forms of Proxy, details for Redde Shareholders of how to vote in respect of the Merger. Redde will prepare the Scheme Document to be distributed to Redde Shareholders. Northgate will prepare the Northgate Prospectus containing information on the New Northgate Shares and the Northgate Circular, which will be distributed to Northgate Shareholders, containing details of the Merger and notice of the Northgate Shareholder Meeting (and, in the event that the Merger is to be implemented by means of a Takeover Offer, the Offer Document, which will be distributed to Redde Shareholders, containing details of the Merger).*

*Northgate and Redde urge Redde Shareholders to read the Scheme Document (including the related Forms of Proxy) (and/or, in the event that the Merger is to be implemented by way of a Takeover Offer, the Offer Document) and the Northgate Prospectus carefully when they become available, because they will contain important information in relation to the Merger and the New Northgate Shares. Northgate also urges Northgate Shareholders to read the Northgate Prospectus and the Northgate Circular carefully when they become available, because they will contain important information in relation to the Merger and the New Northgate Shares.*

*Any vote in respect of the resolutions proposed at the Redde Meetings, and any decision in respect of the Scheme or other responses in relation to the Merger, should be made only on the basis of the information contained in the Scheme Document (and/or, in the event that the Merger is to be implemented by means of a Takeover Offer, the Offer Document). Similarly, any vote in respect of the Northgate Shareholder Resolutions or other responses in relation to the Merger should be made only on the basis of the information contained in the Northgate Circular (including any supplementary circular, if relevant).*

*Please be aware that addresses, electronic addresses and certain other information provided by Redde Shareholders, persons with information rights and other relevant persons for the receipt of communications from Redde may be provided to Northgate during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).*

*The existing Northgate Shares and the New Northgate Shares are not being offered to the public by means of this announcement.*

*This announcement does not constitute a prospectus or prospectus exempted document.*

## **Important notice related to financial advisers**

*Goldman Sachs, which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively for Northgate and no one else in connection with the Merger or any other matter referred to in this announcement and will not be responsible to anyone other than Northgate for providing the protections afforded to clients of Goldman Sachs, or for*

*providing advice in connection with the Merger or any other matter referred to in this announcement.*

*Barclays Bank PLC, acting through its Investment Bank (“Barclays”), which is authorised by the PRA and regulated in the UK by the FCA and the PRA, is acting exclusively for Northgate and no one else in connection with the Merger and will not be responsible to anyone other than Northgate for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matter referred to in this announcement.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“J.P. Morgan Cazenove”), is authorised in the UK by the PRA and regulated by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Redde and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters set out in this announcement and will not be responsible to anyone other than Redde for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to any matter referred to herein.*

*Cenkos Securities Plc (“Cenkos”), which is authorised and regulated by the FCA, is acting exclusively for Redde and no one else in connection with the matters set out in this announcement and will not be acting for any other person or otherwise responsible to any person other than Redde for providing the protections afforded to clients of Cenkos or for advising any other person in respect of the matters set out in this announcement or any transaction, matter or arrangement referred to in this announcement.*

### ***Overseas jurisdictions***

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK or the United States may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or the United States should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Redde Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf or to hold and vote Northgate Shares, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales.*

*Unless otherwise determined by Northgate or required by the Code, and permitted by applicable law and regulation, the Merger will not be made available directly or indirectly in, into or from a Restricted Jurisdiction where to do so would violate the laws of that jurisdiction. No person may vote in favour of the Merger by any use, means, instrumentality or form, and the Merger will not be capable of acceptance, from or within a Restricted Jurisdiction, if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and any documentation relating to the Merger will*

*not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of New Northgate Shares under the Merger to persons who are not resident in the UK or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements. Redde Shareholders who are in any doubt regarding such matters should consult an appropriate independent financial adviser in their relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.*

*The New Northgate Shares may not be offered, sold or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any Restricted Persons except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions, or otherwise permitted under applicable securities laws of those jurisdictions.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

### ***Additional information for US shareholders***

*The Merger relates to the securities of two English companies and is proposed to be implemented by means of a scheme of arrangement provided for under, and governed by, English law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation nor the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US proxy solicitation and tender offer rules. The financial information included in this announcement and the Scheme Document has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Northgate exercises its right to implement the acquisition of the Redde Shares by way of a Takeover Offer, such offer will be made in compliance with applicable US securities laws and regulations.*

*It may be difficult for US holders to enforce their rights and claims arising out of the US federal securities laws, since Northgate and Redde are located in countries other than the US*



*and are organised under the laws of England and Wales, and some or all of their officers and directors may be residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its directors, officers and affiliates to subject themselves to a US court's jurisdiction and judgement.*

*The Merger and the securities to be issued pursuant to the Scheme have not been approved or disapproved by the US Securities and Exchange Commission ("SEC") or the securities regulatory authority of any state, district or other jurisdiction of the US, nor has the SEC or any such securities regulatory authority passed upon the fairness or merits of the Merger or upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.*

*The Merger is intended to be carried out under a scheme of arrangement provided for under English company law (which requires the approval of the Scheme Shareholders). The New Northgate Shares to be issued pursuant to the Scheme have not been registered under the US Securities Act or the securities laws of any state, district or other jurisdiction of the US and may not be offered or sold in the US absent registration or an applicable exemption from the registration requirements of the US Securities Act and such laws. It is expected that any New Northgate Shares to be issued pursuant to the Scheme would be issued in reliance upon the exemption from registration requirements of the US Securities Act, provided by Section 3(a)(10) thereof and would not be registered under the US Securities Act.*

*For the purposes of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Redde will advise the Court through counsel that its sanctioning of the Scheme will be relied on by Northgate as an approval of the Scheme following a hearing on the fairness of its terms to Redde Shareholders, at which court hearing all Redde Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification will have been given to all such holders.*

*Former Redde Shareholders who will be affiliates (within the meaning of Rule 144 under the US Securities Act) of Northgate after the Effective Date will be subject to certain US transfer restrictions relating to the New Northgate Shares received pursuant to the Scheme.*

*In accordance with the Code, normal UK market practice and Rule 14e-5(b) of the US Exchange Act, each of Goldman Sachs, Barclays and J.P. Morgan Cazenove and their respective affiliates will continue to act as exempt principal traders in Redde and Northgate securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the UK pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the UK.*

*In accordance with normal UK practice, Northgate, certain affiliated companies and its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Redde Shares outside of the US, other than pursuant to the Merger, until the date on which the Merger and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as*

required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward looking statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Merger, and other information published by Northgate and Redde contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of Northgate and Redde about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Merger on Northgate and Redde, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Although Northgate and Redde believe that the expectations reflected in such forward-looking statements are reasonable, Northgate and Redde can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: local and global political and economic conditions; significant price discounting by competitors; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); changes to the market in which the businesses operate; changes in the employee environment; legal or regulatory developments and changes; the outcome of any litigation; the impact of any acquisitions or similar transactions; competitive product and pricing pressures; success of business and operating initiatives; changes in the level of investment in IT systems; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Northgate nor Redde, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure and Transparency Rules of the FCA and the AIM Rules), neither Northgate or Redde is under any obligation, and Northgate and Redde expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*All forward looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.*

### ***Northgate Quantified Financial Benefits Statement***

*Appendix 4 to this announcement sets out the Northgate Quantified Financial Benefits Statement and contains details and bases of calculation of the anticipated financial benefits of the Merger, together with the related reports from Northgate's reporting accountant, PwC, and Northgate's financial advisers, Goldman Sachs and Barclays, as required under Rule 28.1(a) of the Code. Goldman Sachs and Barclays, as joint financial advisers to Northgate, have provided such report for the purposes of the Code stating that, in its opinion and subject to the terms of the report, the Northgate Quantified Financial Benefits Statement, for which Northgate and the directors of Northgate are responsible, has been prepared with due care and consideration. Each of PwC, Goldman Sachs and Barclays has given and not withdrawn its consent to the publication of its report in this announcement in the form and context in which it is included.*

*For the purposes of Rule 28 of the Code, the Northgate Quantified Financial Benefits Statement contained in this announcement is the responsibility of Northgate and the directors of Northgate.*

*The statements in the Northgate Quantified Financial Benefits Statement relate to future actions and circumstances which by their nature, involve risks, uncertainties and contingencies. The synergies and cost savings referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.*

### ***Northgate Statement***

*The Northgate Statement is a profit forecast for the purposes of Rule 28 of the Code. The Northgate Statement is repeated and confirmed by the directors of Northgate in Appendix 5 of this announcement, in line with the requirements of Rule 28.1(c) of the Code. For the purposes of Rule 28 of the Code, the Northgate Statement is the responsibility of Northgate and directors of Northgate.*

*Other than the Northgate Statement, no statement in this announcement (including the Northgate Quantified Financial Benefits Statement) is intended to be, or should be construed as, a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per Redde Share or per Northgate Share for the current or future financial years would necessarily match or be greater than or be less than the historical published earnings or earnings per Redde Share or per Northgate Share.*

### ***Dealing disclosure requirements***

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange*

*offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the tenth Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the tenth Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Publication on website and hard copies**

*A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com) and Redde's website at [www.redde.com](http://www.redde.com) by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this announcement.*

*Northgate Shareholders and Redde Shareholders may request a hard copy of this announcement by contacting Link Asset Services during business hours on +44 (0) 20 7397 6284 or by submitting a request in writing to Link Asset Services at 6th Floor, 65 Gresham Street, London EC2V 7NQ. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.*

***Rounding***

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*



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**THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EXEMPTED DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE EXISTING NORTHGATE OR NEW NORTHGATE SHARES EXCEPT ON THE BASIS OF THE INFORMATION IN THE SCHEME DOCUMENT, THE NORTHGATE PROSPECTUS AND THE NORTHGATE CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

**29 NOVEMBER 2019**

**RECOMMENDED ALL-SHARE MERGER  
of  
NORTHGATE PLC  
and  
REDDE PLC**

**1. Introduction**

The Boards of Northgate and Redde are pleased to announce that they have reached agreement on the terms of a recommended share-for-share merger of Northgate and Redde. It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement of Redde and the Redde Shareholders under Part 26 of the Companies Act, with the entire issued and to be issued share capital of Redde being acquired by Northgate.

**2. The Merger**

Under the terms of the Merger, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to the full terms and conditions to be set out in the Scheme Document, each Scheme Shareholder at the Scheme Record Time will be entitled to receive:

**0.3669 New Northgate Share for each Redde Share**

**Immediately following Completion, Northgate Shareholders will own approximately 54 per cent. and Redde Shareholders will own approximately 46 per cent. of the share capital of the Combined Group (based on the fully diluted ordinary issued share capital of Northgate and the fully diluted share capital of Redde, in each case as at the date of this announcement).**

The Boards of Northgate and Redde have agreed to retain their current dividend policies for the period prior to Completion.

The New Northgate Shares will be issued as fully paid and will rank equally in all respects with the Northgate Shares in issue at the time the New Northgate Shares are issued pursuant to the Merger and will be entitled to receive any dividends and/or other distributions declared, made or paid, or any other return of capital (whether by reduction of share capital, share premium account or otherwise) made by Northgate in respect of the Northgate Shares with a record date falling after the Effective Date. Applications will be made to the FCA for the New Northgate Shares to be admitted to the premium listing segment of the Official List and to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

In the event that the Merger is to be implemented by way of a Takeover Offer, the Redde Shares will be acquired pursuant to the Takeover Offer fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

### **3. Background to and reasons for the Merger**

#### *Background*

The Boards of Northgate and Redde believe that the UK mobility and automotive services sector is a structurally attractive yet highly fragmented market with opportunities to remove inefficiencies that would enhance the customer proposition and unlock value for shareholders. Numerous players offer different aspects of the value chain and life-cycle of a vehicle across vehicle provision (sales, rental, term hire and leasing), vehicle fit out, fleet management, servicing maintenance and repair, breakdown and recovery, accident management, legal services, vehicle disposal (retail and trade) and salvage.

Northgate is a leading specialist business providing light commercial vehicles and cars to business customers in the UK, Spain and Ireland on flexible and minimum-term hire contracts.

Redde is a leading support services company in the UK specialising in accident and incident management and legal services to motorists. Primarily, it provides replacement vehicle, repair and recovery services to insurance company customers as well as accident and incident support services to private and public organisations who have contractual relationships with Redde. Redde aims to restore their mobility through the provision of hire vehicles and support them in achieving recoveries to which they are entitled.

The markets in which Northgate and Redde operate are subject to a number of trending dynamics as participants seek to grow through expanding their business model and providing new services and solutions as a means of driving differentiation to competitors and gaining exposure to more aspects of the value chain. These dynamics include:

- shifts by businesses and customers from owning to renting vehicles;
- the convergence of mobility solutions;

- increasing use of offering services and support to differentiate customer propositions relative to competitors; and
- interacting and providing customers with a broader end-to-end experience.

#### *Rationale for the Merger*

Northgate and Redde believe that the Merger will provide the opportunity to combine two highly complementary businesses into a Combined Group with a comprehensive suite of mobility services and a platform from which to create a leading integrated mobility solutions and automotive services business of scale.

Each company has previously stated their intention to and the benefits of diversifying their customer propositions and the Merger will enable both businesses to materially accelerate their complementary diversification strategies.

The Merger will enable Northgate to broaden the provision of capital-light fleet solutions such as market-leading fleet and accident management, strengthen the customer offer, and deliver low capex growth opportunities in attractive and adjacent markets. As well as immediately broadening its service offering, the Merger will provide Northgate with a platform from which to add further services, potentially extending to a turnkey fleet management suite of services with an attractive financial returns profile.

Redde specialises in responding to vehicle-related incidents, in particular road traffic accidents. Its expertise allows it to compete effectively with larger hire businesses despite scale disadvantages. Following the Merger, as part of a major vehicle hire group with an enlarged branch network throughout the UK, Redde will be able to strengthen the customer offer through an even more responsive service to its business partners and their customers. Northgate's support and its infrastructure is expected to enable Redde to provide a broader range of car hire services to complement its accident-related services and scale in selected markets where the returns and investment case are attractive.

The Combined Group will have the expertise, experience and infrastructure required to provide businesses and personal customers with a comprehensive suite of mobility services and a range of automotive services, supplying vehicles to meet their regular mobility needs, servicing and supporting them when unforeseen events occur to ensure that they remain mobile while providing support for any resulting claims.

In summary, Northgate and Redde believe that the Merger will:

- establish a complementary combination with a comprehensive suite of mobility services and a platform from which to create a leading integrated mobility solutions and automotive services business of scale;
- create a market-leading customer proposition;
- generate cost synergies underpinned by enhanced scale and optimisation potential;

- provide the opportunity to unlock attractive revenue synergies; and
- position the Combined Group with a strong financial profile.

*Complementary combination with a comprehensive suite of mobility services*

The Combined Group will serve customers across core rental and accident and incident management business lines and achieve greater diversification across its territories, service lines and customer base, with a strong financial profile and balance sheet.

The Merger will create a leading integrated mobility solutions and automotive services platform spanning the vehicle life-cycle across vehicle supply, service, maintenance, repair, recovery, accident and incident management and disposal through sale or salvage. It creates the platform onto which further value accretive services can be overlaid delivering customer value across a broader range of services utilised by a vehicle through its life.

The Combined Group will have enhanced scale and be able to supply a far wider range of services to existing and new customers both as a function of cross-selling each other's services and through the creation of new services enabled by the Merger. It will have a combined network of enhanced scale and density with over 110,000 vehicles in its own fleet and over 400,000 managed vehicles managed through a combined rental network of over 100 branches in the UK and Spain with the ability to provide one stop-shop service, maintenance and repair operations. In addition, the Combined Group will have an extensive vehicle disposal network through which it can efficiently dispose of vehicles.

Consideration will be given to Northgate's Spanish operations and the extent to which this can be used as a suitable platform to build out the enlarged capabilities of the Combined Group.

*A market-leading customer proposition*

The Merger will create a market-leading customer proposition, providing fleet customers and insurers with access to an increased scope of services, a combined fleet, an increased and enhanced geographic coverage, benefits from cost efficiencies and a combination of existing capabilities.

Fleet customers of the Combined Group will benefit from the combination of a leading light commercial van rental provider and an efficient, leading fleet management, accident management and legal services provider. It is envisaged that fleet customers would benefit from the outstanding service proposition, have a greater choice and fulfilment ability, and be able to access the enhanced network of the Combined Group providing more proximate locations for service fulfilment, aiding overall responsiveness to customer requests.

The insurance customers of the Combined Group will benefit from credit hire service levels that are further enhanced through greater branch coverage and access to the

breadth of vehicle fleet that the Combined Group would manage. The credit hire fleet of the Combined Group will be more cost effectively serviced and maintained.

*Cost synergies underpinned by enhanced scale and optimisation potential*

Northgate and Redde have identified significant savings that they expect to be delivered through the Merger. The Boards of Northgate and Redde expect that the Merger will generate pre-tax cost synergies of at least £10 million per annum, with target run-rate phasing of £7 million at the end of the first 12 months following Completion and £10 million at the end of the second 12 months following Completion.

These cost synergies are expected to be delivered from the following areas:

- *Corporate and support functions (approximately 45 per cent. of total pre-tax cost synergies):* Rationalisation and consolidation of corporate and support functions, removal of duplicate public company costs and optimisation of procurement;
- *Network (approximately 35 per cent. of total pre-tax cost synergies):* Operational savings from optimisation of the combined networks given enhanced scale of the Combined Group which is expected to enable the removal of branch overlap and the better optimisation of the network density of the Combined Group; and
- *Accident and fleet management (approximately 20 per cent. of total pre-tax cost synergies):* Operational savings from consolidating and rationalising the accident and fleet management capabilities of the Combined Group.

In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £10 million. It is expected that approximately 70 per cent. of the total integration costs will be incurred in the first 12 months following Completion with the balance being incurred in the second 12 months following Completion.

Aside from these one-off costs, the Boards of Northgate and Redde do not expect any material dis-synergies to arise from the creation of the Combined Group.

*Attractive revenue synergies*

The Combined Group is expected to realise revenue synergies from cross-selling Northgate's vehicle rental proposition to Redde customers as well as cross-selling Redde's FMG fleet management capabilities to Northgate customers. Further revenue synergies are anticipated to be available from accidents involving Northgate vehicles being channelled through FMG, and the service and maintenance of FMG customer vehicles through the enlarged service network of the Combined Group. The Boards of Northgate and Redde further believe that revenue growth opportunities exist from the launch of a UK flexible car rental proposition leveraging Redde's credit hire fleet operations alongside Northgate's considerable UK network.

### *Strong financial profile*

The Combined Group is anticipated to have a strong financial profile with a diversified revenue mix, an attractive margin profile and improved cash flow characteristics.

The Boards of Northgate and Redde have considered the future capital management policy for the Combined Group. It is anticipated that this strong cash flow generation will enable the Combined Group to further strengthen the balance sheet over time with the Combined Group seeking to maintain a net debt to underlying EBITDA ratio of 1.0 times to 2.0 times in the near term.

The Merger is anticipated to deliver a post-tax return on invested capital which exceeds Northgate's weighted average cost of capital by the end of the first full financial year following Completion.

#### **4. Redde recommendation**

The directors of Redde, who have been so advised by J.P. Morgan Cazenove as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. J.P. Morgan Cazenove is providing independent financial advice to the directors of Redde for the purposes of Rule 3 of the Code. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the directors of Redde.

Accordingly, the directors of Redde intend unanimously to recommend Redde Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Redde General Meeting as the directors of Redde (together with a close relative of Martin Ward) have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 4,687,303 Redde Shares (representing approximately 1.53 per cent. of the Redde Shares in issue on 27 November 2019, being the latest practicable date prior to the date of this announcement).

J.P. Morgan Cazenove has given and not withdrawn its consent to the inclusion in this announcement of reference to its advice to the directors of Redde in the form and context in which they appear.

Further details of the irrevocable undertakings given by the directors of Redde are set out in Appendix 3 to this announcement.

#### **5. Background to and reasons for the Redde recommendation**

The Board of Redde remains confident in the standalone prospects of Redde and is pleased with the substantive progress made over the last few years across its strategic priorities. Despite facing some recent challenges with the reported contract loss, the strong delivery against strategic and operational initiatives and growth in its fleet and accident and incident management services saw Redde generate record revenues of £589.7 million and further adjusted EBIT growth to a total of £49.6 million in its financial year ending 30 June 2019.



The rationale for, and benefits of, the Merger are set out in paragraph 3 of this announcement. While the Board of Redde considers the standalone prospects for Redde to be strong, it has long held the view that with the shifting trends from ownership to rental and hire that the market for mobility solutions to both business users and consumers will converge over the long term. As a consequence, the Board of Redde believes that longer term sustainable competitive success will largely depend on focusing on the life journey of the product and the service innovation that supports customers as well as creating competitive scale.

Redde has developed a unique skill set in delivering replacement mobility and repair services into the insurance market and the wider automotive space through its fleet incident services. Redde has captured a large share of that market and with a bigger platform, can deliver further services valued by its customers. Similarly, Northgate is a market leader in rental and hire of light commercial vehicles that operates in a different market space to Redde and provides a complementary and adjacent product offering. Combining some of the operational aspects of the respective businesses unlocks value and extends the product and service reach, enhances operational capability and generates better purchasing economics.

In addition, the Board of Redde believes the Merger provides an opportunity to capture the early trends in convergence of mobility solutions and builds a platform to deliver more innovative future solutions and provide shareholders with a strategic route into the consolidation of the market. Redde believes that the scale and reach of the Combined Group will position the business across a number of markets which it will be well placed to serve and grow.

Furthermore, the Board of Redde believes that the terms of the Merger fairly reflect Redde and Northgate's respective standalone businesses and their prospects, an appropriate sharing of the expected synergies resulting from the combination, and the proposed balance of the Board and management team of the Combined Group. The Board of Redde is pleased that the members of the Board of the Combined Group to be nominated from Redde will be in a position to support the Board and management team of the Combined Group in delivering the successful integration of Redde and Northgate and the resulting synergies.

## **6. Northgate recommendation**

The Merger (as a class 1 transaction for Northgate for the purposes of the Listing Rules) and the issuance of New Northgate Shares under the Merger require the Northgate Shareholder Resolutions to be approved by simple majority of the votes cast by Northgate Shareholders represented in person or by proxy at the Northgate Shareholder Meeting.

The directors of Northgate consider the Merger to be in the best interests of Northgate Shareholders as a whole. Accordingly, the directors of Northgate intend unanimously to recommend to Northgate Shareholders to vote in favour of the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting. The directors of Northgate have irrevocably undertaken to vote in favour of the Northgate Shareholder Resolutions, and, subject to the terms of the relevant undertaking, any other resolution that may be proposed at the Northgate Shareholder Meeting, in respect of

their own beneficial holdings of, in aggregate, 65,023 Northgate Shares (representing approximately 0.05 per cent. of the Northgate Shares in issue on 27 November 2019, being the latest practicable date prior to the date of this announcement).

The directors of Northgate have received financial advice from Goldman Sachs and Barclays in relation to the Merger. In providing their advice, Goldman Sachs and Barclays have taken into account the commercial assessments of the directors of Northgate.

Goldman Sachs and Barclays have given and not withdrawn their consent to the inclusion in this announcement of reference to their advice to the directors of Northgate in the form and context in which they appear.

Further details of the irrevocable undertakings given by the directors of Northgate are set out in Appendix 3 to this announcement.

## **7. Dividends and dividend policy of the Combined Group**

The Boards of Northgate and Redde have agreed to retain their current dividend policies for the period prior to Completion. Accordingly, Northgate and Redde have agreed that:

- Northgate Shareholders will be entitled to retain the Northgate interim dividend for the six month period to 31 October 2019 of 6.3 pence per Northgate Share announced by Northgate on 29 November 2019 (the “Permitted Northgate Dividend”); and
- if the Effective Date has not occurred before 6 March 2020, being the record date for any Redde dividend that may be declared for the six month period to 31 December 2019, Redde Shareholders will be entitled to retain such dividend provided it is equal to or less than 5.5 pence per Redde Share (the “Permitted Redde Dividend”).

### *Reduction to Exchange Ratio*

If, after the date of this announcement, any dividend, distribution or return of capital is declared, made or paid or becomes payable in respect of the Redde Shares (other than, or in excess of, any Permitted Redde Dividend or any Redde Equalisation Dividend) with a record date on or before the Effective Date (each a “Non-Permitted Redde Dividend”), Northgate reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted Redde Dividend.

### *Redde Equalisation Dividend*

If, after the date of this announcement, any dividend (other than, or in excess of, any Permitted Northgate Dividend), distribution or return of capital is declared, made or paid or becomes payable in respect of the Northgate Shares with a record date on or before the Effective Date (a “Non-Permitted Northgate Dividend”), then Redde will be entitled (in addition to any Permitted Redde Dividend) to declare and pay, and the Redde Shareholders will be entitled to receive and retain an equalisation dividend in

Sterling (the “Redde Equalisation Dividend”) in respect of the Redde Shares of an amount per Redde Share equal to the amount of the Non-Permitted Northgate Dividend per Northgate Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted Redde Dividends in accordance with the following paragraph entitled “Reduction to Exchange Ratio”).

#### *Dividend policy of the Combined Group*

Following the Merger and subject to the approval of the Board of the Combined Group, the Combined Group intends to adopt a progressive dividend policy consistent with a strategy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that the dividend will be covered by the Combined Group’s profit after tax by around two times. The Combined Group will look to pay interim dividends that are 50 per cent. of the prior final dividend.

### **8. Information relating to Northgate**

Northgate is the leading light commercial vehicle hire business in the UK, Ireland and Spain by fleet size and has been operating in the sector since 1981.

Northgate’s core business is the hire of light commercial vehicles to businesses on a flexible or minimum-term basis, giving customers the ability to manage their fleet requirements in a way which can adapt best to changing business needs.

Northgate operates a modern fleet of over 100,000 vehicles from more than 100 sites across the UK, Ireland and Spain. Through this network it partners with a wide spectrum of customers from sole traders to blue chip multi-nationals across multiple sectors. Northgate generated revenues of £745.5 million and underlying operating profit of £76.2 million in the financial year ended 30 April 2019.

Northgate is headquartered in Darlington, County Durham and employs over 3,000 employees.

Northgate Shares are listed on the premium listing segment of the Official List and are traded on the London Stock Exchange’s Main Market.

Northgate has today released its interim results for the six month period to 31 October 2019 with total revenue of £357.8m, underlying operating profit of £35.1m and underlying earnings per share of 17.6p. Northgate also reported the Company’s overall financial performance expected for the year ending 30 April 2020 is in line with its expectations. The full results statement is available at [www.northgateplc.com](http://www.northgateplc.com).

### **9. Information relating to Redde**

The Redde Group offers a comprehensive package of motor claims accident management services, including vehicle replacement and repair management together with full claims-handling assistance, as well as legal and other bespoke services. It is positioned to provide its key business partners with a range of services, from direct assistance to the non-fault motorist, through to partially or fully outsourced case-

handling facilities. The Redde Group's business partners are insurance companies, brokers and other motoring organisations such as car dealerships, motor manufacturers, leasing companies and repair centres.

The Redde Group is a leading supplier to the motor insurance industry and aims to be the preferred claims outsourcing partner for UK motor insurers by providing claims solutions which reduce their administrative work and expenditure and provide their customers with an excellent vehicle repair and temporary replacement service. The Redde Group also provides specialised large fleet accident and incident management services for over 400,000 fleet vehicles through the FMG group of companies.

Redde was established in 1992 and is headquartered in Bath, with accident management operational centres in Peterlee and Huddersfield. As at 30 June 2019, the Redde Group had a vehicle distribution network consisting of 27 branches, employed approximately 2,400 staff and had a fleet of over 10,000 vehicles with access to an additional 50,000 vehicles through selected rental partnerships. The Redde Group provides solicitors' services through Principia from Northwich and NewLaw from Bristol, Cardiff and an associated office in Glasgow.

For the financial year ended 30 June 2019, Redde's revenue was £589.7 million and profit before tax was £41.6 million. Redde Shares are admitted to trading on AIM, a market of the London Stock Exchange.

## **10. Employees, management and locations**

### *Strategic plans for the Combined Group*

The Combined Group will create a leading integrated mobility solutions and automotive services business of scale. The Combined Group intends to move quickly to combine the existing businesses and create a combined business which harnesses the assets, best practices and skilled teams of both companies. It is expected that the Combined Group will:

- bring together some of the best talent in its industry;
- be focused on placing consumers at the centre of its business through a broader, more attractive, customer proposition;
- leverage its nationwide coverage and end-to-end portfolio of services;
- benefit from the expertise of both companies to provide best in class services for its customers;
- have a strong balance sheet and financial flexibility; and
- have a governance model which will support and challenge its management to ensure that the interests of all stakeholders are considered.

Given the complementary nature of Northgate and Redde in terms of their respective propositions to customers and the nature of customers that each business addresses, it is anticipated that there will be limited impact from the Merger on customers and

employees, in particular in the short term. Upon Completion, the Combined Group will initiate a detailed review of the operations of both businesses to assess how they can work most effectively and efficiently together. The review, which is expected to take at least three months following Completion, will review the current operating and organisational structures of both businesses and provide the basis for the development of an integration programme designed to minimise disruption to customers and employees whilst delivering the expected opportunities and benefits of the Merger for the Combined Group's stakeholders.

The Combined Group will retain extensive operations across the UK, Ireland and Spain, and, given the complementary nature of the businesses and the limited areas of overlap, it is anticipated that there will be minimal consolidation of the existing operational centres of both businesses. While an initial assessment has been undertaken as part of the preparation of the Northgate Quantified Financial Benefits Statement, following Completion the Combined Group will perform a detailed review of the enlarged branch network to identify opportunities to realise infrastructure and operating efficiencies. The review, which is expected to take at least three months following Completion, will identify the optimal network by removing overlap and enhancing overall scale along with greater density to align with the needs of the Combined Group's portfolio of services and its efficient delivery to customers. It is expected that this will be achieved by ensuring that vehicles are closer to customers resulting in lower delivery and collection costs. In respect of head office and corporate functions, where overlap and duplication does exist, it is intended that, following a review of the options available, activities will be consolidated and rationalised to allow for the better integration of the Combined Group.

The proposed Board and management of the Combined Group, who have a proven track record of delivering on strategic initiatives, plan to evolve the strategy of the Combined Group through three phases:

- Focus: complete the integration of the two businesses alongside initiation of the delivery of the anticipated cost synergies, development of the Combined Group's product and services, and start to leverage the platform to enable revenue growth on the basis of the broader offering;
- Drive: complete the initiatives around the cost synergies, product and service portfolio and platform, and initiate service diversification into complementary markets alongside exploring further market and geographic growth opportunities; and
- Broaden: accelerate the service diversification and exploration of market and geographic growth opportunities.

### *Governance*

The Combined Group will draw on the array of talent and experience in both companies to drive the business forward. Following the Merger, it is intended that the Combined Group will have a Board comprising members of both Northgate and Redde's existing Boards and of a size commensurate with that of the Combined Group.

- Avril Palmer-Baunack, currently non-executive chairman of Northgate, will become non-executive chairman of the Combined Group;
- Martin Ward, currently CEO of Redde, will become CEO of the Combined Group; and
- Philip Vincent, currently CFO of Northgate, will become CFO of the Combined Group.

In addition, the Board of the Combined Group will include non-executive directors from Redde and Northgate. Any executive or non-executive directors of Northgate or Redde not appointed to the Board of the Combined Group will step down from the Board of Northgate or the Board of Redde (as applicable) upon the Scheme becoming effective. Each of the Northgate and Redde directors stepping down from the Board of Northgate or the Board of Redde (as applicable) is fully supportive of the rationale for the Merger and of its terms and conditions.

In conjunction with the proposed governance arrangements and board composition of the Combined Group, Northgate confirms that Kevin Bradshaw has today stepped down, by agreement with the Board of Northgate, from his position as a director and CEO of Northgate with immediate effect.

#### *Employees*

Northgate attaches great importance to the skills and experience of the existing management and employees of Redde and Northgate and believes that they will benefit from greater opportunities within the Combined Group following the Merger. Northgate confirms that it intends to safeguard fully the existing statutory and contractual employment and pension rights of the Redde Group's employees and management and to make no material changes to the conditions of employment or change to the balance of skills and functions of employees across the Redde Group.

The Board of Northgate recognises that in order to achieve the expected benefits of the Merger, it will be necessary to perform a detailed review of how best to integrate the two businesses. Northgate believes that there is the potential to generate cost savings in the Combined Group through business, operational and administrative restructuring following Completion. As part of the preparation of the Northgate Quantified Financial Benefits Statement, Northgate's initial analysis has identified that there is likely to be an opportunity to rationalise certain corporate overheads and support functions, including public company related costs and central functions, and that there may be duplication at a limited number of operational branches capable of rationalisation without impacting customers. At this stage, Northgate has not yet developed a proposal as to how such integration and restructuring would be implemented and will only be able to develop and implement such proposals once the Combined Group has completed its review, which is expected to take at least three months following Completion.

Subject to the outcome of the detailed review of the integration options, it is possible that there may be a low to mid-single digit percentage reduction in the Combined Group's headcount, where there is duplication across Northgate's and Redde's



existing corporate and support functions. At this early stage in integration planning, the Combined Group has not yet developed a proposal as to how any such headcount reductions might be implemented and will only develop and implement such a proposal once the review referred to above has been completed. The Combined Group will aim to retain the best talent and will consult as appropriate with relevant employees, employee representatives and other stakeholders before any proposals are finalised.

#### *Share plans*

Northgate and Redde have agreed that the participants in the Northgate Share Plans will, so far as possible, be treated equitably with the participants in the Redde Share Plans. In order to achieve that equitable treatment, it is expected that the terms of certain of the Northgate Share Plans will be adjusted and that performance conditions that would not be relevant in the context of the Combined Group would be tested on Completion and the awards would thereafter be conditional only upon continued employment with the Combined Group. Northgate will seek shareholder approval for an amendment to its directors' remuneration policy so that the CFO's awards can be treated in a manner that is consistent with all other Northgate employees.

In addition, the Board of Northgate is considering introducing a new long-term incentive plan (the "Proposed Share Plan") for a small number of senior employees in the Combined Group, including the CEO, to support in the delivery of the integration of Northgate and Redde and in the delivery of the anticipated strategic benefits of the Merger. No final decisions have been made on the design or quantum of the Proposed Share Plan but it is anticipated that it would be a one-off long term incentive under which participants would be entitled to share in the growth in the shareholder value of the Combined Group above a preferred return to shareholders. Performance would be measured over the period commencing on announcement of the Merger and ending no earlier than 30 April 2023. Awards would be satisfied in Northgate Shares and, after the sale of any Northgate Shares necessary to meet any tax liability, two thirds of the remaining Northgate Shares must be held by participants for a further two year period.

Participants in the Proposed Share Plan would not participate in any other long-term incentive arrangements during the life of the plan. The maximum dilution from the Proposed Share Plan, when aggregated with all other discretionary share plans operated by the Combined Group in a rolling ten year period, would not exceed 5% of the issued share capital of Northgate.

Northgate requires shareholder approval to introduce the Proposed Share Plan and so intends to consult with shareholders before finalising its proposals and will include further details (to the extent they have been decided) in the Northgate Circular.

Other senior employees of the Combined Group will receive share awards under the existing Northgate EPSP consistent with Northgate's existing practice.

#### *Locations, headquarters and research and development*

Management recognise that it is in the Combined Group's best interest for the head office functions of both Northgate and Redde to be combined. While an initial assessment has been undertaken as part of the preparation of the Northgate Quantified Financial Benefits Statement, following Completion the Combined Group will consider the migration and rationalisation of the combined corporate head office function to allow for the better integration of both businesses. A number of options are under consideration but no decision has been taken on the preferred outcome and the Combined Group will only develop and implement such a proposal once the review referred to above has been completed.

Beyond the potential changes identified above in relation to the Combined Group's branch network and corporate head office, there are no further plans to change the locations of Northgate's or Redde's operational places of business or redeploy the fixed assets of Redde.

Neither Northgate nor Redde currently has a research and development function and Northgate has no plans in this regard.

#### *Pensions*

Following Completion, the Combined Group does not intend to make any changes with regard to the agreed employer contributions into Redde's existing defined contribution pension scheme(s) or the accrual of benefits to existing members or the admission of new members to such pension schemes.

#### *Name of the Combined Group*

Upon Completion, it is intended that the name of the Combined Group will be Redde Northgate plc.

#### *Listing locations*

Prior to the Scheme becoming effective, it is intended that applications will be made to the London Stock Exchange to cancel trading in the Redde Shares on AIM, with effect from or shortly following the Effective Date, and to re-register Redde as a private company.

Northgate will seek approval for the New Northgate Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market.

#### *Other*

The financial year end of the Combined Group will be 30 April.

The statements in this paragraph 10 or paragraph 3 which constitute "post-offer intention statements" for the purposes of Rule 19.6 of the Code will apply for 12 months from Completion.

No statements in this paragraph 10 or paragraph 3 constitute “post-offer undertakings” for the purposes of Rule 19.5 of the Code.

#### *Views of the Board of Redde*

In considering the recommendation of the Merger to Redde Shareholders, the Board of Redde has given due consideration to the confirmations that Northgate has given in relation to employees within the Combined Group. The Board of Redde welcomes the Combined Group’s intentions with respect to the future operations of the business and its employees as part of a larger business combined with Northgate, in particular, Northgate’s confirmation of its intention to safeguard fully the existing statutory and contractual employment and pension rights of the Redde Group’s employees and management and to make no change to the balance of skills and functions of employees across the Redde Group.

### **11. Redde Share Plans**

Participants in the Redde Share Plans will be contacted regarding the effect of the Merger on their rights and appropriate proposals will be made to such participants in due course. Details of these proposals will be set out in separate letters to be sent to participants in the Redde Share Plans.

It is expected that awards held by participants in the Redde PSP will vest as a consequence of the Merger, subject to satisfaction of the applicable performance conditions. Time pro-rating will apply to awards granted in 2018 and 2019 but not to awards granted in 2017. Participants will be offered a choice to have their awards settled wholly in Redde Shares or partly in cash, paid by Redde, sufficient to cover their tax and national insurance liability, and partly in Redde Shares, and such Redde Shares will, in each case, then be exchanged for Northgate Shares under the terms of the Scheme.

Northgate will offer participants in the Redde SAYE Plan the opportunity to exchange their options over Redde Shares (including options which have already become exercisable) granted under that plan for equivalent options over Northgate Shares in accordance with the terms of the Redde SAYE Plan.

### **12. Merger-related arrangements**

#### *Confidentiality agreement*

Northgate and Redde have entered into a mutual confidentiality agreement dated 21 October 2019 pursuant to which each of Northgate and Redde has undertaken, amongst other things, to: (a) keep confidential information relating to the Merger and the other party and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation; and (b) use the confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the potential Merger.

These confidentiality obligations remain in force until the earlier of: (i) two years from the date of the confidentiality agreement; and (ii) the Effective Date. The

agreement also contains provisions pursuant to which each party has agreed not to solicit certain employees, suppliers and customers of the other party, subject to customary carve-outs, for a period of 12 months from the date of the confidentiality agreement.

#### *Co-operation Agreement*

Northgate and Redde have entered into the Co-operation Agreement, pursuant to which Northgate and Redde have agreed certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to regulatory clearances and authorisations. Northgate and Redde have also agreed to provide each other with reasonable information, assistance and access for the preparation of the key shareholder documentation.

The Co-operation Agreement records Northgate's and Redde's intention to implement the Merger by way of the Scheme, subject to the ability of Northgate to proceed by way of a Takeover Offer in certain circumstances.

The Co-operation Agreement also contains provisions that will apply in respect of the Redde Share Plans, the Northgate Share Plans and certain other employee incentive arrangements.

The Co-operation Agreement shall be terminated with immediate effect if: (i) Northgate and Redde so agree in writing; (ii) if the Merger is, with the permission of the Panel, withdrawn or lapses in accordance with its terms prior to the Longstop Date; or (iii) if the Scheme has not become effective by the Longstop Date.

Northgate has the right to terminate the Co-operation Agreement if: (i) a Competing Proposal for Redde (as defined in the Co-operation Agreement) completes, becomes effective, or is declared or becomes unconditional in all respects; or (ii) any Condition in so far as it relates to Redde is not satisfied or waived or becomes incapable of satisfaction or waiver (where such invocation has been permitted by the Panel) by the Longstop Date.

Redde has the right to terminate the Co-operation Agreement if: (i) a Competing Proposal for Northgate (as defined in the Co-operation Agreement) completes, becomes effective, or is declared or becomes unconditional in all respects; or (ii) Northgate breaches clause 8.3 of the Co-operation Agreement.

In addition, either party has the right to terminate the Co-operation Agreement if: (i) there is a Redde Adverse Recommendation Change (as defined in the Co-operation Agreement); or (ii) there is a Northgate Adverse Recommendation Change (as defined in the Co-operation Agreement).

### **13. Structure of the Merger**

It is intended that the Merger will be implemented by way of a Court-sanctioned scheme of arrangement between Redde and the Scheme Shareholders, under Part 26

of the Companies Act. The procedure involves, among other things, an application by Redde to the Court to sanction the Scheme, in consideration for which the Scheme Shareholders will receive New Northgate Shares on the basis described in paragraph 2 above. The purpose of the Scheme is to provide for Northgate to become the owner of the entire issued and to be issued share capital of Redde.

The Scheme is subject to the Conditions and certain further terms referred to in Appendix 1 to this announcement and to be set out in the Scheme Document, and will only become effective if, among other things, the following events occur on or before the Longstop Date:

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
- the Redde Special Resolution necessary to implement the Scheme is passed by the requisite majority of Redde Shareholders at the Redde General Meeting;
- the Northgate Shareholder Resolutions are passed by the requisite majority of Northgate Shareholders at the Northgate Shareholder Meeting;
- the relevant approvals required from the FCA and SRA in connection with the Merger are obtained;
- the Scheme is sanctioned by the Court (with or without modification, on terms agreed by Northgate and Redde); and
- an office copy of the Scheme Court Order is delivered to the Registrar of Companies (upon which the Scheme shall become effective).

Upon the Scheme becoming effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Redde General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Redde Shares will cease to be valid and entitlements to Redde Shares held within the CREST system will be cancelled. The New Northgate Shares will be allotted to Scheme Shareholders on the Effective Date and issued to Scheme Shareholders as soon as practicable thereafter. It is expected that Admission will become effective and that dealings for normal settlement in the New Northgate Shares will commence on the London Stock Exchange at 8.00 a.m. on the first Business Day following the Effective Date.

If the Scheme does not become effective on or before the Longstop Date, it will lapse and the Merger will not proceed (unless the Panel otherwise consents).

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the Redde General Meeting. The Scheme Document will also contain the expected timetable for the Merger, and will specify the necessary actions to be taken by Redde Shareholders. The Scheme Document, together with the Forms of Proxy, will be posted to Redde Shareholders and, for information only, to

persons with information rights and to holders of options granted under the Redde Share Plans, as soon as practicable and, in any event, within 28 days of this announcement (or on such later date as may be agreed by Northgate and Redde with the consent of the Panel). Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become effective during Q1 2020.

Fractions of New Northgate Shares will not be issued to Scheme Shareholders under the Scheme. Fractional entitlements to New Northgate Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the relevant Scheme Shareholders. However, individual entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of less than £5 will not be paid to the relevant Scheme Shareholder but will be retained for the benefit of Northgate.

#### **14. Northgate Shareholder approval and the Northgate Prospectus**

As a result of the size of the acquisition, the Merger constitutes a class 1 transaction for Northgate for the purposes of the Listing Rules. Accordingly, Northgate will be required to seek the approval of the Northgate Shareholders for the Merger at the Northgate Shareholder Meeting. Northgate Shareholder approval will also be required for the issuance of the New Northgate Shares under the Merger. The directors of Northgate intend unanimously to recommend to Northgate Shareholders to vote in favour of the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting.

Northgate will prepare and send to Northgate Shareholders the Northgate Circular summarising the background to and reasons for the Merger which will include a notice convening the Northgate Shareholder Meeting. The Merger is conditional on, among other things, the Northgate Shareholder Resolutions being passed by the requisite majority of the Northgate Shareholders at the Northgate Shareholder Meeting.

It is expected that the Northgate Circular will be posted to Northgate Shareholders at or around the same time as the Scheme Document is posted to Redde Shareholders and that the Northgate Shareholder Meeting will be held on the same day as the Redde Meetings.

Northgate will also be required to produce the Northgate Prospectus in connection with the issue of the New Northgate Shares and their Admission. It is expected that the Northgate Prospectus will be published (and posted to Redde Shareholders) at or around the same time as the Scheme Document is posted to Redde Shareholders and the Northgate Circular is posted to Northgate Shareholders.

#### **15. Admission of New Northgate Shares**

Following Completion, the New Northgate Shares will be issued as fully paid and will rank equally in all respects with the Northgate Shares in issue at the time the



New Northgate Shares are issued pursuant to the Merger and will be entitled to receive any dividends and/or other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital, share premium account or otherwise) made, by Northgate in respect of the Northgate Shares with a record date falling after the Effective Date.

Applications will be made to the FCA for the New Northgate Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Northgate Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings for normal settlement in the New Northgate Shares will commence on the London Stock Exchange at 8.00 a.m. on the first Business Day following the Effective Date.

#### **16. Delisting and re-registration**

It is intended that dealings in Redde Shares will be suspended at 5.00 p.m. London time on the Business Day prior to the Effective Date. It is further intended that an application will be made to the London Stock Exchange for the cancellation of trading of the Redde Shares on AIM, with effect from or shortly following the Effective Date.

From the Effective Date, share certificates in respect of Redde Shares will cease to be valid and entitlements to Redde Shares held within the CREST system will be cancelled.

It is also intended that, following the Effective Date, Redde will be re-registered as a private company under the relevant provisions of the Companies Act.

#### **17. Disclosure of interests in Redde relevant securities**

Except for the irrevocable undertakings referred to in paragraphs 4 and 6 above, as at close of business on 27 November 2019 (being the latest practicable date prior to the date of this announcement), save as disclosed below in this paragraph 17, neither Northgate, nor any of the directors of Northgate or any member of the Northgate Group, nor, so far as Northgate is aware, any person acting in concert (within the meaning of the Code) with Northgate for the purposes of the Merger had any interest in, right to subscribe for, or had borrowed or lent (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), any Redde Shares or securities convertible or exchangeable into Redde Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Code, in relation to Redde Shares or in relation to any securities convertible or exchangeable into Redde Shares.

As at close of business on 27 November 2019 (being the latest practicable date prior to the date of this announcement) the following persons were interested in the following number of Redde Shares:

<b>Name</b>	<b>Number of Redde Shares</b>	<b>Percentage of issued ordinary share capital of Redde</b>
Alexander Mark Butcher	40,000	0.013
Ian Soanes	21,361	0.007

“Interests in securities” for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person shall be treated as having an “interest” by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

In the interests of secrecy prior to this announcement, Northgate has not made any enquiries in respect of the matters referred to in this paragraph of certain parties who may be deemed by the Panel to be acting in concert with Northgate for the purposes of the Scheme. Enquiries of such parties will be made as soon as practicable following the date of this announcement and any disclosure in respect of such parties will be included in the Scheme Document.

In connection with the Merger and in accordance with the relevant provisions of the Code, Northgate will make a public Opening Position Disclosure setting out details of its interests or short positions in, or rights to subscribe for, any relevant securities of Redde and any relevant securities of Northgate by no later than 12 noon (London time) on 13 December 2019 (including details of any interests or short positions in, or rights to subscribe for, any such relevant securities held by persons acting in concert with Northgate).

Redde confirms that it will make a public Opening Position Disclosure setting out details of its interests or short positions in, or rights to subscribe for, any relevant securities of Redde and any relevant securities of Northgate by no later than 12 noon (London time) on 13 December 2019 (including details of any interests or short positions in, or rights to subscribe for, any such relevant securities held by persons acting in concert with Redde).

## **18. Overseas Shareholders**

The availability of the Merger and the distribution of this announcement to Redde Shareholders who are not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdiction. Such persons should inform

themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Redde Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. Redde Shareholders are advised to read carefully the Scheme Document, the related Forms of Proxy and the Northgate Prospectus once these have been dispatched.

#### **19. Redde and Northgate issued share capital**

In accordance with Rule 2.9 of the Code, Redde confirms that it has 306,868,351 Redde Shares in issue. The International Securities Identification Number for Redde Shares is GB00BLWF0R63.

In accordance with Rule 2.9 of the Code, Northgate confirms that it has 133,232,518 Northgate Shares in issue. The International Securities Identification Number for Northgate Shares is GB00B41H7391.

#### **20. Documents published on a website**

Copies of the following documents will, by no later than 12 noon (London time) on 2 December 2019, be published on Redde's website at [www.redde.com](http://www.redde.com) and Northgate's website at [www.northgateplc.com](http://www.northgateplc.com) until the Effective Date:

- this announcement;
- the confidentiality agreement referred to in paragraph 12 above;
- the co-operation agreement referred to in paragraph 12 above; and
- the irrevocable undertakings listed in Appendix 3 to this announcement.

#### **21. General**

The Merger will be subject to the Conditions and certain further terms set out in Appendix 1 and the full terms and conditions set out in the Scheme Document when issued.

Northgate reserves the right to elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) to implement the acquisition of the Redde Shares by way of a Takeover Offer for the entire issued and to be issued share capital of Redde not already held by Northgate as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments, including to reflect the terms of the Co-operation Agreement), so far as applicable, as those which would apply to the Scheme.

If the Merger is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Northgate intends to: (i) make a request to the London Stock Exchange to

cancel trading in Redde Shares on AIM; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Redde Shares in respect of which the Takeover Offer has not been accepted.

The one million cumulative preference shares in the capital of Northgate will remain in issue after Completion and the rights attaching to such shares will be unaffected by the Merger.

The Scheme will be governed by English law and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

The bases of calculations and sources of certain financial information contained in this announcement are set out in Appendix 2. Certain terms used in this announcement are defined in Appendix 6.

### **Enquiries**

**Northgate** +44 (0) 7808 212 964

Kirsty Law, Investor Relations

**Goldman Sachs International (lead joint financial adviser to Northgate)** +44 (0) 20 7774 1000

Bertie Whitehead

Nick Harper

Jose Barreto

**Barclays (joint financial adviser and corporate broker to Northgate)** +44 (0) 20 7623 2323

Richard Probert

Osman Akkaya

Milan Solanki

**Buchanan Communications** +44 (0) 207 466 5000

David Rydell

Jamie Hooper

**Redde** +44 (0) 122 532 1134

Martin Ward

Stephen Oakley

**J.P. Morgan Cazenove (sole financial adviser to Redde)** +44 (0) 207 742 4000

Charles Harman

James Robinson

Wendy Hohmann

**Cenkos Securities plc (nominated adviser and joint broker to Redde)** +44 (0) 207 397 8900

Giles Balleny

Nick Wells

**Square1 Consulting Limited** +44 (0) 207 929 5599

David Bick

Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Northgate in connection with the Merger.

Bryan Cave Leighton Paisner LLP is acting as legal adviser to Redde in connection with the Merger.

#### **Further information**

*This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Merger or otherwise, nor shall there be any sale, issuance or transfer of securities of Redde in any jurisdiction in contravention of applicable law. Subject to the right of Northgate to implement the Merger by way of a Takeover Offer, the Merger will be made solely by means of the Scheme Document, which will contain the full terms and conditions of the Merger and, together with the Forms of Proxy, details for Redde Shareholders of how to vote in respect of the Merger. Redde will prepare the Scheme Document to be distributed to Redde Shareholders. Northgate will prepare the Northgate Prospectus containing information on the New Northgate Shares and the Northgate Circular, which will be distributed to Northgate Shareholders, containing details of the Merger and notice of the Northgate Shareholder Meeting (and, in the event that the Merger is to be implemented by means of a Takeover Offer, the Offer Document, which will be distributed to Redde Shareholders, containing details of the Merger).*

*Northgate and Redde urge Redde Shareholders to read the Scheme Document (including the related Forms of Proxy) (and/or, in the event that the Merger is to be*

*implemented by way of a Takeover Offer, the Offer Document) and the Northgate Prospectus carefully when they become available, because they will contain important information in relation to the Merger and the New Northgate Shares. Northgate also urges Northgate Shareholders to read the Northgate Prospectus and the Northgate Circular carefully when they become available, because they will contain important information in relation to the Merger and the New Northgate Shares.*

*Any vote in respect of the resolutions proposed at the Redde Meetings, and any decision in respect of the Scheme or other responses in relation to the Merger, should be made only on the basis of the information contained in the Scheme Document (and/or, in the event that the Merger is to be implemented by means of a Takeover Offer, the Offer Document). Similarly, any vote in respect of the Northgate Shareholder Resolutions or other responses in relation to the Merger should be made only on the basis of the information contained in the Northgate Circular (including any supplementary circular, if relevant).*

*Please be aware that addresses, electronic addresses and certain other information provided by Redde Shareholders, persons with information rights and other relevant persons for the receipt of communications from Redde may be provided to Northgate during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).*

*The existing Northgate Shares and the New Northgate Shares are not being offered to the public by means of this announcement.*

*This announcement does not constitute a prospectus or prospectus exempted document.*

***Important notice related to financial advisers***

*Goldman Sachs, which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively for Northgate and no one else in connection with the Merger or any other matter referred to in this announcement and will not be responsible to anyone other than Northgate for providing the protections afforded to clients of Goldman Sachs, or for providing advice in connection with the Merger or any other matter referred to in this announcement.*

*Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the PRA and regulated in the UK by the FCA and the PRA, is acting exclusively for Northgate and no one else in connection with the Merger and will not be responsible to anyone other than Northgate for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matter referred to in this announcement.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the UK by the PRA and regulated by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Redde and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters set out in this announcement and will not be responsible to*

*anyone other than Redde for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to any matter referred to herein.*

*Cenkos Securities Plc (“Cenkos”), which is authorised and regulated by the FCA, is acting exclusively for Redde and no one else in connection with the matters set out in this announcement and will not be acting for any other person or otherwise responsible to any person other than Redde for providing the protections afforded to clients of Cenkos or for advising any other person in respect of the matters set out in this announcement or any transaction, matter or arrangement referred to in this announcement.*

### **Overseas jurisdictions**

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK or the United States may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or the United States should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Redde Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf or to hold and vote Northgate Shares, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales.*

*Unless otherwise determined by Northgate or required by the Code, and permitted by applicable law and regulation, the Merger will not be made available directly or indirectly in, into or from a Restricted Jurisdiction where to do so would violate the laws of that jurisdiction. No person may vote in favour of the Merger by any use, means, instrumentality or form, and the Merger will not be capable of acceptance, from or within a Restricted Jurisdiction, if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and any documentation relating to the Merger will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or*

*instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of New Northgate Shares under the Merger to persons who are not resident in the UK or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements. Redde Shareholders who are in any doubt regarding such matters should consult an appropriate independent financial adviser in their relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.*

*The New Northgate Shares may not be offered, sold or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any Restricted Persons except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions, or otherwise permitted under applicable securities laws of those jurisdictions.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

#### ***Additional information for US shareholders***

*The Merger relates to the securities of two English companies and is proposed to be implemented by means of a scheme of arrangement provided for under, and governed by, English law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation nor the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US proxy solicitation and tender offer rules. The financial information included in this announcement and the Scheme Document has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Northgate exercises its right to implement the acquisition of the Redde Shares by way of a Takeover Offer, such offer will be made in compliance with applicable US securities laws and regulations.*

*It may be difficult for US holders to enforce their rights and claims arising out of the US federal securities laws, since Northgate and Redde are located in countries other than the US and are organised under the laws of England and Wales, and some or all of their officers and directors may be residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its directors, officers and affiliates to subject themselves to a US court's jurisdiction and judgement.*



*The Merger and the securities to be issued pursuant to the Scheme have not been approved or disapproved by the US Securities and Exchange Commission (“SEC”) or the securities regulatory authority of any state, district or other jurisdiction of the US, nor has the SEC or any such securities regulatory authority passed upon the fairness or merits of the Merger or upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.*

*The Merger is intended to be carried out under a scheme of arrangement provided for under English company law (which requires the approval of the Scheme Shareholders). The New Northgate Shares to be issued pursuant to the Scheme have not been registered under the US Securities Act or the securities laws of any state, district or other jurisdiction of the US and may not be offered or sold in the US absent registration or an applicable exemption from the registration requirements of the US Securities Act and such laws. It is expected that any New Northgate Shares to be issued pursuant to the Scheme would be issued in reliance upon the exemption from registration requirements of the US Securities Act, provided by Section 3(a)(10) thereof and would not be registered under the US Securities Act.*

*For the purposes of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Redde will advise the Court through counsel that its sanctioning of the Scheme will be relied on by Northgate as an approval of the Scheme following a hearing on the fairness of its terms to Redde Shareholders, at which court hearing all Redde Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification will have been given to all such holders.*

*Former Redde Shareholders who will be affiliates (within the meaning of Rule 144 under the US Securities Act) of Northgate after the Effective Date will be subject to certain US transfer restrictions relating to the New Northgate Shares received pursuant to the Scheme.*

*In accordance with the Code, normal UK market practice and Rule 14e-5(b) of the US Exchange Act, each of Goldman Sachs, Barclays and J.P. Morgan Cazenove and their respective affiliates will continue to act as exempt principal traders in Redde and Northgate securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the UK pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the UK. In accordance with normal UK practice, Northgate, certain affiliated companies and its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Redde Shares outside of the US, other than pursuant to the Merger, until the date on which the Merger and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory*

Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward looking statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Merger, and other information published by Northgate and Redde contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of Northgate and Redde about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Merger on Northgate and Redde, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Although Northgate and Redde believe that the expectations reflected in such forward-looking statements are reasonable, Northgate and Redde can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: local and global political and economic conditions; significant price discounting by competitors; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); changes to the market in which the businesses operate; changes in the employee environment; legal or regulatory developments and changes; the outcome of any litigation; the impact of any acquisitions or similar transactions; competitive product and pricing pressures; success of business and operating initiatives; changes in the level of investment in IT systems; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Northgate nor Redde, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure and Transparency Rules of the FCA and the AIM Rules), neither Northgate or Redde is under any obligation, and Northgate and Redde expressly disclaim any intention or obligation, to update or revise any forward-*

looking statements, whether as a result of new information, future events or otherwise.

All forward looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

#### ***Northgate Quantified Financial Benefits Statement***

Appendix 4 to this announcement sets out the Northgate Quantified Financial Benefits Statement and contains details and bases of calculation of the anticipated financial benefits of the Merger, together with the related reports from Northgate's reporting accountant, PwC, and Northgate's financial advisers, Goldman Sachs and Barclays, as required under Rule 28.1(a) of the Code. Goldman Sachs and Barclays, as joint financial advisers to Northgate, have provided such report for the purposes of the Code stating that, in its opinion and subject to the terms of the report, the Northgate Quantified Financial Benefits Statement, for which Northgate and the directors of Northgate are responsible, has been prepared with due care and consideration. Each of PwC, Goldman Sachs and Barclays has given and not withdrawn its consent to the publication of its report in this announcement in the form and context in which it is included.

For the purposes of Rule 28 of the Code, the Northgate Quantified Financial Benefits Statement contained in this announcement is the responsibility of Northgate and the directors of Northgate.

The statements in the Northgate Quantified Financial Benefits Statement relate to future actions and circumstances which by their nature, involve risks, uncertainties and contingencies. The synergies and cost savings referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

#### ***Northgate Statement***

The Northgate Statement is a profit forecast for the purposes of Rule 28 of the Code. The Northgate Statement is repeated and confirmed by the directors of Northgate in Appendix 5 of this announcement, in line with the requirements of Rule 28.1(c) of the Code. For the purposes of Rule 28 of the Code, the Northgate Statement is the responsibility of Northgate and directors of Northgate.

Other than the Northgate Statement, no statement in this announcement (including the Northgate Quantified Financial Benefits Statement) is intended to be, or should be construed as, a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per Redde Share or per Northgate Share for the current or future financial years would necessarily match or be greater than or be less than the historical published earnings or earnings per Redde Share or per Northgate Share.

#### ***Dealing disclosure requirements***

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange

*offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the tenth Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the tenth Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

***Publication on website and hard copies***

*A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com) and Redde's website at [www.redde.com](http://www.redde.com) by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this announcement.*

*Northgate Shareholders and Redde Shareholders may request a hard copy of this announcement by contacting Link Asset Services during business hours on +44 (0) 20 7397 6284 or by submitting a request in writing to Link Asset Services at 6th Floor, 65 Gresham Street, London EC2V 7NQ. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.*

### ***Rounding***

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

## **Appendix 1**

### **Conditions and Certain Further Terms of the Scheme and the Merger**

#### **A. Conditions to the Scheme and the Merger**

1. The Merger will be conditional upon the Scheme becoming unconditional and becoming effective, subject to the provisions of the Code, by no later than the Longstop Date.

#### **Scheme approval**

2. The Scheme will be conditional upon:
  - (a) approval of the Scheme at the Court Meeting (or at any adjournment thereof, provided that the Court Meeting may not be adjourned beyond the 22<sup>nd</sup> day after the expected date of the Court Meeting to be set out in the Scheme Document in due course or such later date (if any) as Northgate and Redde may agree and, if required, the Court may allow) by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
  - (b) all resolutions required to approve and implement the Scheme as set out in the notice of the Redde General Meeting (including, without limitation, the Redde Special Resolution but excluding any resolution proposed in relation to any share scheme(s) proposed to be implemented by Northgate following the Effective Date) being duly passed by the requisite majority of Redde Shareholders at the Redde General Meeting (or at any adjournment thereof, provided that the Redde General Meeting may not be adjourned beyond the 22<sup>nd</sup> day after the expected date of the Redde General Meeting to be set out in the Scheme Document in due course or such later date (if any) as Northgate and Redde may agree and, if required, the Court may allow); and
  - (c) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to Northgate and Redde (acting reasonably), provided that the Scheme Court Hearing may not be adjourned beyond the 22<sup>nd</sup> day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course or such later date (if any) as Northgate and Redde may agree and, if required, the Court may allow and the delivery of an office copy of the Scheme Court Order to the Registrar of Companies.

In addition, subject to Part B below and to the requirements of the Panel, Northgate and Redde have agreed that the Merger will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

#### **Northgate Shareholder approval**

3. Any resolution or resolutions of Northgate Shareholders required to approve and implement the Merger (excluding any resolution relating to: (i) a change of

Northgate's name; (ii) any amendments required in connection with the Merger to Northgate's directors' remuneration policy; or (iii) any share scheme(s) proposed to be implemented following the Effective Date) being duly passed by the requisite majority at the Northgate Shareholder Meeting (or at any adjournment thereof, provided that the Northgate Shareholder Meeting may not be adjourned beyond the 22<sup>nd</sup> day after the expected date of the Northgate Shareholder Meeting to be set out in the Northgate Circular in due course or such later date (if any) as Northgate and Redde may agree);

#### **Admission to listing**

4. The FCA having acknowledged to Northgate or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Northgate Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions have been satisfied;

#### **Admission to trading**

5. The London Stock Exchange having acknowledged to Northgate or its agent (and such acknowledgement not having been withdrawn) that the New Northgate Shares will be admitted to trading on the London Stock Exchange's Main Market;

#### **FCA change of control approval**

6. In respect of Northgate and each other person who, for the purposes of section 178 FSMA (as varied where appropriate by the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009)), has decided to acquire control over Auxillis Limited, FMG Support Limited, and FMG Support (FIM) Limited (and if applicable, Cab Aid Limited), the FCA: (i) having given notice for the purposes of section 189(4) or section 189(7) of the FSMA that it has determined to approve such acquisition of control; or (ii) being treated, by virtue of section 189(6) of FSMA, as having approved such acquisition of control;

#### **SRA approval**

7. In respect of Northgate and each other person who, for the purposes of the Legal Services Act 2007, will acquire a restricted interest in NewLaw Legal Limited, Principia Law Limited and FMG Legal LLP, the SRA having approved such acquisition;

#### **General Third Party clearances**

8. Excluding those referred to in the Conditions in paragraphs 6 and 7 in Part A of this Appendix 1, all material notifications to and filings with, Third Parties which are necessary having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed, been waived or been terminated (as appropriate) and all applicable statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each

case in connection with the Scheme or Merger or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Redde or any other member of the Wider Redde Group by any member of the Wider Northgate Group or the carrying on by any member of the Wider Redde Group of any material aspect of its business;

9. Other than in relation to the matters referred to in the Conditions in paragraphs 6 and 7 of Part A of this Appendix 1, no Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which is material in the context of the Merger and which would or might reasonably be expected to:
- (a) make the Scheme or the Merger or, in each case, its implementation or the acquisition or proposed acquisition by Northgate or any member of the Wider Northgate Group of any shares or other securities in, or control or management of, Redde or any member of the Wider Redde Group void, illegal or unenforceable in any relevant jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or delay the same or impose additional material conditions or obligations with respect to the Scheme or the Merger or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Merger or such acquisition, or require material amendment to the terms of the Scheme or Merger or the acquisition or proposed acquisition of any Redde Shares or the acquisition of control or management of Redde or the Wider Redde Group by Northgate or any member of the Northgate Group;
  - (b) materially limit or delay, or impose any material limitations on, the ability of any member of the Wider Northgate Group or any member of the Wider Redde Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Redde Group or any member of the Wider Northgate Group, to an extent which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Merger;
  - (c) require, prevent or materially delay the divestiture by any member of the Wider Northgate Group of any shares or other securities in any member of the Redde Group;
  - (d) require, prevent or materially delay the divestiture or alter the terms envisaged for any such divestiture by any member of the Wider Northgate Group or by any member of the Wider Redde Group of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
  - (e) except pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider Northgate Group or of the Wider Redde Group to acquire, or to offer to acquire, any shares or other securities (or the



equivalent) in any member of the Wider Redde Group or any asset owned by any Third Party (other than in the implementation of the Merger);

- (f) materially limit the ability of any member of the Wider Northgate Group or any member of the Wider Redde Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Northgate Group or of the Wider Redde Group to an extent which is material in the context of the Wider Redde Group taken as a whole or the Wider Northgate Group taken as a whole (as the case may be);
- (g) result in any member of the Wider Redde Group or any member of the Wider Northgate Group ceasing to be able to carry on business under any name under which it presently does so to an extent which is material in the context of the Wider Redde Group taken as a whole or the Wider Northgate Group taken as a whole (as the case may be); or
- (h) otherwise materially adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Redde Group or any member of the Wider Northgate Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

10. Excluding those referred to in the Conditions in paragraphs 6 and 7 of Part A of this Appendix 1, all Authorisations which are necessary in any relevant jurisdiction for or in respect of the Scheme or Merger or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Redde or any other member of the Wider Redde Group by any member of the Wider Northgate Group or the carrying on by any member of the Wider Redde Group of any material aspect of its business having been obtained or having been deemed to have been given or obtained, in terms and in a form satisfactory to Northgate (acting reasonably), from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Redde Group has entered into contractual arrangements and all such Authorisations necessary for the carrying on by any member of the Wider Redde Group of its business having been obtained and all such Authorisations remaining in full force and effect at the time at which the Merger becomes effective or otherwise wholly unconditional and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same, in each case where the absence of such Authorisation would have a material adverse effect on the Wider Redde Group (taken as a whole);

**Certain matters arising as a result of any arrangement, agreement etc.**

11. Except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Redde Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Scheme or Merger or the acquisition or proposed acquisition by any member of the Wider Northgate Group of any shares or other securities (or the

equivalent) in Redde or because of any change in the control or management of any member of the Wider Redde Group or otherwise, could or might reasonably be expected to result in:

- (a) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Redde Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider Redde Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
- (b) the creation (save in the ordinary course of business) or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Redde Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (c) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Redde Group thereunder, being terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (d) any asset or interest of any member of the Wider Redde Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of otherwise than in the ordinary course of business;
- (e) any member of the Wider Redde Group ceasing to be able to carry on business under any name under which it presently does so;
- (f) the creation of any material liability (actual or contingent) by any member of the Wider Redde Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- (g) the rights, liabilities, obligations, interests or business of any member of the Wider Redde Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any member of the Wider Redde Group in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (h) the financial or trading position or the value of any member of the Wider Redde Group being prejudiced or adversely affected,

which, in each of the foregoing cases is material and adverse in the context of the Wider Redde Group (taken as a whole) and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Redde Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, could result

in any of the events or circumstances which are referred to in paragraphs (a) to (h) of this Condition 11 (in each case, to the extent which is material in the context of the Wider Redde Group (taken as a whole));

12. Since 30 June 2019 and except as Disclosed, no member of the Wider Redde Group having:

- (a) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or securities or convertible securities or transferred or sold or agreed to transfer or sell any shares out of treasury, other than as between Redde and wholly-owned subsidiaries of Redde and other than any shares issued upon the exercise of any options or the vesting of any employee share awards granted under any of the Redde Share Plans;
- (b) purchased or redeemed or repaid any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (a) above, made any other change to any part of its share capital;
- (c) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue other than: (i) to Redde or a wholly-owned subsidiary of Redde; and (ii) any Permitted Redde Dividend and any Redde Equalisation Dividend;
- (d) made or authorised any change in its loan capital;
- (e) (other than pursuant to the Scheme (and except for transactions between Redde and its wholly owned subsidiaries or between the wholly owned subsidiaries of Redde and transactions other than in the ordinary course of business)) disposed of or transferred, mortgaged, charged or created any security interest over any material asset or any right, title or interest in any material asset (including shares in any undertaking and trade investments) or authorised the same, in any such case to an extent which is material in the context of the Wider Redde Group (taken as a whole);
- (f) (except for transactions between Redde and its wholly owned subsidiaries or between the wholly owned subsidiaries of Redde or otherwise in the ordinary course of business) issued or authorised the issue of, or made any change in or to the terms of, any debentures or incurred or increased any indebtedness or liability (actual or contingent), which is material in the context of the Wider Redde Group taken as a whole;
- (g) entered into, materially varied, or authorised any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business, which:
  - (i) is of a long term, onerous or unusual nature or magnitude or which involves an obligation of such nature or magnitude; or
  - (ii) could materially restrict the business of any member of the Wider Redde Group;

- (h) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in respect of itself or another member of the Wider Redde Group otherwise than in the ordinary course of business;
- (i) entered into or materially varied the terms of, any contract, service agreement or binding arrangement with any of the directors or senior executives of any member of the Wider Redde Group except for salary increases, bonuses or variations of terms in the ordinary course or as a result of genuine promotion;
- (j) (other than in respect of a member of the Wider Redde Group which is dormant and was solvent at the time) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction in each case as would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Redde Group taken as a whole;
- (k) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in each case as would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Redde Group taken as a whole;
- (l) waived or compromised any claim, otherwise than in the ordinary course of business, which is material in the context of the Wider Redde Group as a whole;
- (m) except as Disclosed or envisaged in accordance with the terms of the Scheme, made any alteration to its memorandum or articles of association which is material in the context of the Merger;
- (n) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to:
  - (i) any significant change:
    - (A) to the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Redde Group for its directors, employees or their dependants; or
    - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
    - (C) the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or

- (D) the basis upon which the liabilities (including pensions) or such pension schemes are funded, valued or made; or
  - (ii) any change to the trustees including the appointment of a trust corporation,
- to an extent which is in any such case material in the context of the Wider Redde Group;
- (o) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Redde Group, which is in any such case material in the context of the Wider Redde Group taken as a whole; or
  - (p) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or proposed or announced any intention to effect, any of the transactions, matters or events referred to in this Condition 12;

**No adverse change, litigation or regulatory enquiry**

13. Since 30 June 2019 and except as Disclosed (in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or the Wider Northgate Group taken as a whole, or material in the context of the Merger):
- (a) there having been no adverse change or deterioration and no circumstance having arisen which would or might reasonably be expected to result in any adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects or operational performance of any member of the Wider Redde Group or any member of the Wider Northgate Group;
  - (b) no contingent or other liability in respect of any member of the Wider Redde Group or in respect of any member of the Wider Northgate Group, which is, or which would be likely to, affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Redde Group or any member of the Wider Northgate Group having arisen or become apparent or increased;
  - (c) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Redde Group or any member of the Wider Northgate Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Redde Group or any member of the Wider Northgate Group;
  - (d) (other than as a result of the Merger) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened in writing, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider Redde Group or any member of the Wider Northgate Group;

- (e) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Redde Group or any member of the Wider Northgate Group which is necessary for the proper carrying on of its business; or
- (f) no member of the Wider Redde Group nor any member of the Wider Northgate Group having conducted its business in material breach of any applicable laws and regulations;

#### **No discovery of certain matters**

14. Northgate not having discovered (in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or material in the context of the Merger):
  - (a) that any financial or business or other information concerning the Wider Redde Group publicly disclosed by or on behalf of any member of the Wider Redde Group prior to the date of this announcement is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before the date of this announcement by disclosure either publicly or otherwise to Northgate;
  - (b) that any member of the Wider Redde Group, otherwise than in the ordinary course of business, is subject to any liability (actual or contingent) which is not disclosed in Redde's annual report and accounts for the financial year ended 30 June 2019 which has not been Disclosed; or
  - (c) any information which has not been Disclosed and which affects the import of any information Disclosed at any time by or on behalf of any member of the Wider Redde Group;
15. Northgate not having discovered, other than as Disclosed (in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or material in the context of the Merger);
  - (a) that any past or present member of the Wider Redde Group has not complied in any material respect with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, which, in any case, such non-compliance would be likely to give rise to any material liability (whether actual or contingent) or cost on the part of any member of the Wider Redde Group; or
  - (b) that there is, or is likely to be, any material liability, whether actual or contingent, to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied or made use of by any past or present member of the Wider Redde Group under any environmental

legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or Third Party; and

**Anti-corruption, sanctions and criminal property**

16. Northgate not having discovered other than as Disclosed that, in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or material in the context of the Merger:
- (a) (i) any past or present member, director, officer or employee of the Wider Redde Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other anti-corruption legislation applicable to the Wider Redde Group or (ii) any person that performs or has performed services for or on behalf of the Wider Redde Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation; or
  - (b) any material asset of any member of the Wider Redde Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - (c) any past or present member, director, officer or employee of the Wider Redde Group has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
  - (d) a member of the Wider Redde Group has engaged in any transaction which would cause Northgate to be in breach of any law or regulation upon its (direct or indirect) acquisition of Redde, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

For the purpose of these Conditions:

- (i) “Third Party” means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti-trust or merger control

authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel;

- (ii) a Third Party shall be regarded as having “intervened” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything (and in each case, not having withdrawn the same) and “intervene” shall be construed accordingly; and
- (iii) “Authorisations” means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, permissions and approvals, in each case, of a Third Party.

## **B. Waiver and invocation of the Conditions**

1. The Scheme will not become effective unless the Conditions have been fulfilled or (to the extent capable of waiver) waived or, where appropriate, have been determined by Northgate or Redde (as applicable) to be or remain satisfied by no later than the Longstop Date.
2. Subject to the requirements of the Panel, Northgate reserves the right in its sole discretion to waive:
  - (a) those parts of all or any of the Conditions in paragraph 2 of Part A of this Appendix 1 relating to the deadlines for the Court Meeting, Redde General Meeting and/or the Scheme Court Hearing. If any such deadline is not met, Northgate shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadlines or agreed with Redde to extend the relevant deadline; and
  - (b) in whole or in part, all or any of (only so far as they relate to Redde, the Wider Redde Group or any part thereof) the Conditions in paragraphs 8 to 16 (inclusive) in Part A of this Appendix 1.
3. Subject to the requirements of the Panel, Redde reserves the right in its sole discretion to waive:
  - (a) that part of the Condition in paragraph 3 of Part A of this Appendix 1 relating to the deadline for the Northgate Shareholder Meeting. If such deadline is not met, Redde shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived such deadline or agreed with Northgate to extend such deadline; and



- (b) in whole or in part (only so far as it relates to Northgate, the Wider Northgate Group or any part thereof) the Condition in paragraph 13 in Part A of this Appendix 1.
4. Save as set out above in respect of paragraph 2 in Part A of this Appendix 1, the Conditions in paragraphs 1 to 7 (inclusive) in Part A of this Appendix 1 cannot be waived.
  5. Save where Northgate has confirmed the satisfaction or waiver of all Conditions (other than the Conditions in paragraph 2 in Part A of this Appendix 1) pursuant to the terms of the Co-operation Agreement, Northgate shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A above by a date earlier than the latest date specified above for the fulfilment of that condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.
  6. The Merger will lapse if the acquisition of Redde by Northgate or any other matter arising from or relating to the Scheme or the Merger is referred to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Reform Act 2013 before the date of the Court Meeting.
  7. If the Panel requires Northgate to make an offer or offers for any Redde Shares under the provisions of Rule 9 of the Code, Northgate may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
  8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
  9. Under Rule 13.5(a) of the Code, Northgate may not invoke a Condition so as to cause the Merger not to proceed, to lapse or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Northgate in the context of the Merger. The Conditions in paragraphs 1 to 5 (inclusive) in Part A of this Appendix 1 are not subject to this provision of the Code.
  10. Under Rule 13.6 of the Code, Redde may not invoke, or cause or permit Northgate to invoke, the Condition in paragraph 13 in Part A of this Appendix 1 unless the circumstances which give rise to the right to invoke the Condition are of material significance to the Redde Shareholders in the context of the Merger.

**C. Implementation by way of Takeover Offer**

Northgate reserves the right to elect to implement the Merger by way of a Takeover Offer, subject to the Panel's consent and to the terms of the Co-operation Agreement. In such event, such Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. or such other percentage (being more than 50 per cent.) as Northgate may in accordance with the provisions of the Co-operation Agreement decide (subject to the

Panel's consent): (i) in nominal value of the shares to which such Takeover Offer relates; and (ii) of the voting rights attaching to those shares.

**D. Certain further terms of the Merger**

1. Fractions of New Northgate Shares will not be issued to Scheme Shareholders under the Scheme. Fractional entitlements to New Northgate Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the relevant Scheme Shareholders. However, individual entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of less than £5 will not be paid to the relevant Scheme Shareholder but will be retained for the benefit of Northgate.
2. Redde Shares will be acquired by Northgate fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the date of this announcement or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of this announcement, other than any Permitted Redde Dividend and any Redde Equalisation Dividend.
3. If, after the date of this announcement, any Non-Permitted Redde Dividend is declared, made or paid or becomes payable in respect of the Redde Shares, Northgate reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted Redde Dividend.
4. If, after the date of this announcement, any Non-Permitted Northgate Dividend is declared, made or paid or becomes payable in respect of the Northgate Shares, then Redde will be entitled (in addition to any Permitted Redde Dividend) to declare and pay, and the Redde Shareholders will be entitled to receive and retain the Redde Equalisation Dividend in respect of the Redde Shares of an amount per Redde Share equal to the amount of the Non-Permitted Northgate Dividend per Northgate Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted Redde Dividend in accordance with paragraph 3 in Part D of this Appendix 1).
5. The Merger will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.
6. The availability of the Merger to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

7. This announcement and any rights or liabilities arising hereunder, the Merger, the Scheme, and any Forms of Proxy and other proxies will be governed by English law and be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

## **Appendix 2**

### **Sources of Information and Bases of Calculations**

1. As at the close of business on 27 November 2019, being the last practicable date prior to this announcement, Northgate had in issue 133,232,518 Northgate Shares and Redde had in issue 306,868,351 Redde Shares.
2. The fully diluted share capital of Northgate (being 134,828,394 Northgate Shares) is calculated on the basis of:
  - (a) the number of issued Northgate Shares referred to in paragraph 1 above; and
  - (b) 1,595,876 Northgate Shares which may be issued on or after the date of this announcement on the exercise of options or vesting of awards granted or agreed to be granted under the Northgate Share Plans, after deducting the Northgate Shares held by any Northgate employee benefit trust.
3. The fully diluted share capital of Redde (being 313,072,710 Redde Shares) is calculated on the basis of:
  - (a) the number of issued Redde Shares referred to in paragraph 1 above; and
  - (b) a maximum of 6,204,359 Redde Shares which may be issued on or after the date of this announcement on the exercise of options or vesting of awards granted or agreed to be granted under the Redde Share Plans.
4. The percentage of the share capital of the Combined Group that Northgate and Redde Shareholders will own on a fully diluted base is calculated on the basis of:
  - (a) the fully diluted share capital of Northgate referred to in paragraph 2 above; and
  - (b) the 114,866,377 New Northgate Shares that Redde Shareholders will receive under the terms of the merger, based on the fully diluted share capital of Redde referred to paragraph 3 above and the Exchange Ratio (of 0.3669 New Northgate Shares in exchange for each Scheme Share)
5. Unless otherwise stated, the financial information on Northgate is extracted from Northgate's interim results for the six months ended 31 October 2019.
6. The synergy numbers are unaudited and are based on analysis by Northgate's management and Northgate's internal records. Further information underlying the Quantified Financial Benefits Statement contained in this announcement is provided in Appendix 4 to this announcement.
7. Certain figures contained in this announcement have been subject to rounding adjustments.

## **Appendix 3**

### **Details of Irrevocable Undertakings**

#### **Irrevocable undertakings in respect of Redde Shares**

The following directors of Redde have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Redde General Meeting and if the Merger is subsequently structured as a Takeover Offer, to accept any Takeover Offer made by Northgate in relation to the following Redde Shares:

<b>Name</b>	<b>Number of Redde Shares</b>	<b>Percentage of issued ordinary share capital of Redde</b>
Martin Ward	3,004,812	0.98
Stephen Oakley	562,500	0.18
Mark Chessman	89,991	0.03
Mark McCafferty	30,000	0.01
<b>Total</b>	<b>3,687,303</b>	<b>1.2</b>

The irrevocable undertakings described above will lapse and cease to have effect on the earliest to occur of the following: (i) Northgate announcing that it does not intend to proceed with the Merger; (ii) the Scheme Document (or Offer Document, if applicable) not being sent to Redde Shareholders on or before the date falling 28 days from the date of this announcement (or such later date as the Panel may agree); (iii) the Scheme (or Offer, if applicable) lapsing or being withdrawn; (iv) there is a Northgate Adverse Recommendation Change (as defined in the Co-operation Agreement); (v) a competing offer for Redde becomes unconditional or, if proceeding by way of a scheme of arrangement, becomes effective; or (vi) there is a breach of the Condition in paragraph 3 of Part A of Appendix 1 to this announcement.

In addition, Martin Ward's wife who holds the beneficial interest in 1,000,000 Redde Shares (representing approximately 0.33 per cent. of the Redde Shares in issue on 27 November 2019, being the latest practicable date prior to the date of this announcement) has given an irrevocable undertaking on substantially the same terms as the directors of Redde.

#### **Irrevocable undertakings in respect of Northgate Shares**

The following directors of Northgate have given irrevocable undertakings to vote in favour of the Northgate Shareholder Resolutions, and, subject to the terms of the relevant undertaking, any other resolution that may be proposed at the Northgate Shareholder Meeting, in relation to the following Northgate Shares:

<b>Name</b>	<b>Number of Northgate Shares</b>	<b>Percentage of issued ordinary share capital of Northgate</b>
Fernando Maria Cogollos Ubeda	26,153	0.020
Claire Miles	5,000	0.004
John Cook Pattullo	10,000	0.008
William Spencer	8,000	0.006
Philip James Vincent	15,870	0.012
<b>Total</b>	<b>65,023</b>	<b>0.05</b>

The irrevocable undertakings described above will lapse and cease to have effect on the earliest to occur of the following: (i) Northgate announcing that it does not intend to proceed with the Merger; (ii) the Scheme (or Offer, if applicable) lapsing or being withdrawn; or (iii) there is a Redde Adverse Recommendation Change (as defined in the Co-operation Agreement).

## **Appendix 4**

### **Northgate Quantified Financial Benefits Statement**

#### **A. Northgate Quantified Financial Benefits Statement**

Paragraph 3 of this announcement contains statements of estimated cost savings and synergies arising from the Merger (together, the “Northgate Quantified Financial Benefits Statement”).

A copy of the Northgate Quantified Financial Benefits Statement is set out below.

*“Northgate and Redde have identified significant savings that they expect to result from the Merger. The Boards of Northgate and Redde expect that the Merger will generate pre-tax cost synergies of at least £10 million per annum, with target run-rate phasing of £7 million at the end of the first 12 months following Completion and £10 million at the end of the second 12 months following Completion.*

*These cost synergies are expected to be delivered from the following areas:*

- *Corporate and support functions (approximately 45 per cent. of total pre-tax cost synergies): Rationalisation and consolidation of corporate and support functions, removal of duplicate public company costs and optimisation of procurement;*
- *Network (approximately 35 per cent. of total pre-tax cost synergies): Operational savings from optimisation of the combined networks given enhanced scale of the Combined Group which is expected to enable the removal of branch overlap and the better optimisation of the network density of the Combined Group; and*
- *Accident and fleet management (approximately 20 per cent. of total pre-tax cost synergies): Operational savings from consolidating and rationalising the accident and fleet management capabilities of the Combined Group.*

*In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £10 million. It is expected that approximately 70 per cent. of the total integration costs will be incurred in the first 12 months following Completion with the balance being incurred in the second 12 months following Completion.*

*Aside from these one-off costs, the Board of Northgate and the Board of Redde do not expect any material dis-synergies to arise from the creation of the Combined Group.”*

Further information on the basis of belief supporting the Northgate Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below:

#### **Basis of belief**

Following commencement of discussions regarding the creation of the Combined Group, a team with members of the management team from Northgate and Redde (the

"Synergy Team") was established to identify areas of potential savings and validate the cost benefit plan. The Northgate and Redde teams worked collaboratively to identify integration initiatives and estimate the timing and quantum of cost benefits available.

In preparing the Northgate Quantified Financial Benefits Statement, both Northgate and Redde have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential cost benefits available from the creation of the Combined Group. In circumstances where data have been limited for commercial or other reasons, the Synergy Team has made estimates and assumptions to aid its development of individual cost benefit initiatives.

In general, the cost benefit assumptions have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated cost benefits set out above.

In arriving at the Northgate Quantified Financial Benefits Statement, Northgate have assumed:

- no material change in law and regulations, changes in government policies and changes in accounting standards;
- no unanticipated financial impact of the UK's EU Referendum on 23 June 2016;
- no significant impact on the underlying operations of either business from the creation of the Combined Group;
- no material change in foreign exchange rates; and
- no material divestments from either the Northgate or Redde existing businesses.

The baselines used for the quantified cost synergies were:

- For Northgate: full year operating expenses for the financial year ended 30 April 2019; and
- For Redde: full year operating expenses for the financial year ended 30 June 2019.

## **Reports**

As required by Rule 28.1(a) of the Code, PwC, as reporting accountants to Northgate, and Goldman Sachs and Barclays, as joint financial advisers to Northgate, have provided the reports required under that Rule. Copies of these reports are included in this Appendix 4. Each of PwC, Goldman Sachs and Barclays has given and has not withdrawn its consent to the publication of its report in the form and context in which it is included.

## *Note*



- (a) The statements of estimated cost benefits relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost benefits referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.
- (b) Other than the Northgate Statement, no statement in the Northgate Quantified Financial Benefits Statement or this announcement generally should be construed as a profit forecast or interpreted to mean that Northgate's earnings in the full first full year following the Merger, or in any subsequent period, would necessarily match or be greater than or be less than those of Northgate and/or Redde for the relevant preceding financial period or any other period.
- (c) Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost benefits may be materially greater or less than those estimated.

## **B. Report from PwC**

The Directors  
Northgate plc (the “**Company**”)  
Northgate Centre  
Lingfield Way  
Darlington  
DL1 4PZ

Goldman Sachs International  
25 Shoe Lane  
London  
EC4A 4AU

Barclays Bank PLC, acting through its Investment Bank  
5 The North Colonnade  
Canary Wharf  
London  
E14 4BB

(Goldman Sachs International and Barclays Bank PLC together the “**Joint Financial Advisers**”)

29 November 2019

Dear Ladies and Gentlemen,

### **Quantified Financial Benefits Statement by Northgate plc**

We report on the quantified financial benefits statement (the “**Statement**”) by the directors of the Company (the “**Directors**”) included in Part A of Appendix 4 of the announcement dated 29 November 2019 (the “**Announcement**”) to the effect that:

*“Northgate and Redde have identified significant savings that they expect to result from the Merger. The Boards of Northgate and Redde expect that the Merger will generate pre-tax cost synergies of at least £10 million per annum, with target run-rate phasing of £7 million at the end of the first 12 months following Completion and £10 million at the end of the second 12 months following Completion.*

*These cost synergies are expected to be delivered from the following areas:*

- *Corporate and support functions (approximately 45 per cent. of total pre-tax cost synergies): Rationalisation and consolidation of corporate and support functions, removal of duplicate public company costs and optimisation of procurement;*
- *Network (approximately 35 per cent. of total pre-tax cost synergies): Operational savings from optimisation of the combined networks given enhanced scale of the Combined Group which is expected to enable the removal of branch overlap and the better optimisation of the network density of the Combined Group; and*

- *Accident and fleet management (approximately 20 per cent. of total pre-tax cost synergies): Operational savings from consolidating and rationalising the accident and fleet management capabilities of the Combined Group.*

*In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £10 million. It is expected that approximately 70 per cent. of the total integration costs will be incurred in the first 12 months following Completion with the balance being incurred in the second 12 months following Completion.*

*Aside from these one-off costs, the Board of Northgate and the Board of Redde do not expect any material dis-synergies to arise from the creation of the Combined Group.”*

This Statement has been made in the context of disclosure in the Announcement setting out the basis of belief of the Directors supporting the Statement and their analysis and explanation of the underlying constituent elements.

This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers (the “Code”) and is given for the purpose of complying with that rule and for no other purpose.

### **Responsibilities**

It is the responsibility of the Northgate plc Board to make the Statement in accordance with the Code.

It is our responsibility to form our opinion as required by Rule 28.1(a)(i) of the Code, as to whether the Statement has been properly compiled on the basis stated.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed or to the shareholders of Northgate plc as a result of the inclusion of this report in the Announcement, and for any responsibility arising under Rule 28.1(a)(i) of the Code to any person as and to the extent therein provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Code, consenting to its inclusion in the Announcement.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. We have discussed the Statement together with the relevant bases of belief (including sources of information and assumptions) with the Northgate plc Board and with the Joint Financial Advisers. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

Since the Statement and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual benefits achieved will correspond to those anticipated in the Statement and the differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and

accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, on the basis of the foregoing, the Statement has been properly compiled on the basis stated.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

*PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.*

**C. Report from Goldman Sachs International and Barclays Bank PLC, acting through its Investment Bank**

The Directors  
Northgate plc  
Northgate Centre  
Lingfield Way  
Darlington  
DL1 4PZ

29 November 2019

Dear Sirs,

**Firm intention to make an offer for Redde plc (“Redde”) by Northgate plc (“Northgate”)**

We refer to the Northgate Quantified Financial Benefits Statement, the basis of belief thereof and the notes thereto (together, the "Statement") as set out in Part A of Appendix 4 to the 2.7 announcement to be issued by Northgate (the “Announcement”), for which the Board of Northgate (the “Directors”) are solely responsible under Rule 28.3 of the City Code on Takeovers and Mergers (the "Code").

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the Directors and those officers and employees of Northgate who developed the underlying plans. The Statement is subject to uncertainty as described in the Announcement and our work did not involve an independent examination or verification of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by, or on behalf of, Northgate, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the Directors.

We have also reviewed the work carried out by PricewaterhouseCoopers LLP and have discussed with them the opinion set out in Part B of Appendix 4 to the Announcement addressed to you and us on this matter and the accounting policies and bases of calculation for the Statement.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the Code and for no other purpose. We accept no responsibility to Northgate or its shareholders or any person other than the Directors in respect of the contents of this letter. We are acting exclusively as financial adviser to Northgate and no one else in connection with the merger between Northgate and Redde and it was for the purpose of complying with Rule 28.1(a)(ii) of the Code that Northgate requested us to prepare

this report on the Statement. No person other than the Directors can rely on the contents of this letter, and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents, or the work undertaken in connection with this letter, or any of the results that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Statement, for which you as the Directors are solely responsible, has been prepared with due care and consideration.

Yours faithfully,

Goldman Sachs International

Barclays Bank PLC, acting through its Investment Bank

## Appendix 5

### Northgate Statement

On 29 November 2019, Northgate announced its interim results for the six months ended 31 October 2019. As part of that announcement Northgate made the following statements regarding the outlook for its business (the “**Interim Statements**”) as an update to statements made on 25 June 2019 at the time of the announcement of its results for the 12 months ended 30 April 2019 (the “**Full Year Statements**”):

“The Company re-confirms its guidance for the current year in relation to the Group’s hire revenue growth, where we continue to expect low to mid single digit year-on-year growth %.”

“the Company now expects the Group rental profit margin to improve by at least 50 basis points year-on-year”

“Group disposal profits are now expected to decrease by approximately 20% on the prior year”

When considered together the Interim Statements imply an expected level of revenue and underlying profit before tax for the 12 months ended 30 April 2019 which is unchanged from the expected level implied by the Full Year Statements (the “**Implied Forecast**”).

The Full Year Statements and the Implied Forecast were originally published before Northgate made any approach to Redde and, accordingly, the requirements of Rule 28.1(c) of the City Code on Takeovers and Mergers apply in relation to the Full Year Statements.

The Northgate Directors confirm that the Implied Forecast remains valid and confirm that the Implied Forecast has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Northgate’s accounting policies.

### Assumptions

The Full Year Statements, Interim Statements and the Implied Forecast were prepared on the basis of the following assumptions, any of which could turn out to be incorrect and therefore affect the validity of the Full Year Statements, Interim Statements and the Implied Forecast:

#### *Factors within the influence and control of the Northgate Directors*

- There is no material change in the operational strategy of Northgate from the date of this announcement.
- There will be no further acquisitions or disposals which will have a material impact on Northgate’s results.
- There are no material strategic investments over and above those currently planned.

#### *Factors outside the influence or control of the Northgate Directors*

- There will be no material macroeconomic change in the principal markets and regions in which Northgate operates.

- There will be no unanticipated financial impact of the UK's EU Referendum on 23 June 2016.
- There will be no material adverse events which will have a significant impact on Northgate's financial results.
- There will be no changes in interest rates, bases of taxation, regulatory environment or legislation that have a material impact on Northgate, including in relation to operations or accounting policies.
- There will be no material changes in customer demand or the competitive environment in which Northgate operates.
- There will be no business disruptions that materially affect Northgate or its customer or supplier partners.



## **Appendix 6**

### **Definitions**

The following definitions apply throughout this announcement unless the context requires otherwise.

“£”, “Sterling”, “pence” or “p”	the lawful currency of the UK
“Admission”	admission of the New Northgate Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market
“AIM Rules”	the rules for AIM companies published by the London Stock Exchange from time to time
“Barclays”	Barclays Bank PLC, acting through its Investment Bank
“Board”	in relation to a company, its board of directors from time to time
“Business Day”	a day (other than a Saturday, Sunday, public or bank holiday in England and Wales) on which banks are generally open for normal business in London
“CEO”	chief executive officer
“CFO”	chief financial officer
“Code”	the City Code on Takeovers and Mergers
“Combined Group”	the enlarged group following Completion comprising of the Northgate Group and the Redde Group
“Companies Act”	the UK Companies Act 2006, as amended from time to time
“Completion”	completion of the Merger
“Conditions”	the conditions to the implementation of the Merger (including the Scheme) as set out in Appendix 1 to this announcement and to be set out in the Scheme Document
“Co-operation Agreement”	the agreement dated 29 November 2019 between Northgate and Redde as described in paragraph 12
“Court”	the High Court of Justice of England and Wales
“Court Meeting”	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purpose of considering and, if thought fit, approving the Scheme (with or

without amendment), including any adjournment thereof

“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
“Daily Official List”	the daily official list of the London Stock Exchange
“Dealing Disclosure”	has the same meaning as in Rule 8 of the Code
“Disclosed”	<p>in respect of the Wider Redde Group, information which has been disclosed by or on behalf of Redde: (i) in the annual report and accounts of the Redde Group for the 12 month period to 30 June 2019; (ii) in this announcement; (iii) in any other public announcement by, or on behalf of, Redde in accordance with the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules of the FCA (as applicable) prior to the date of this announcement; or (iv) in writing prior to the date of this announcement by or on behalf of Redde to Northgate (or its respective officers, employees, agents or advisers in their capacity as such); and</p> <p>in respect of the Wider Northgate Group, information which has been disclosed by or on behalf of Northgate: (i) in the annual report and accounts of the Northgate Group for the 12 month period to 30 April 2019; (ii) in the half yearly results announcement of the Northgate Group for the six month period to 31 October 2019; (iii) in this announcement; (iv) in any other public announcement by, or on behalf of, Northgate in accordance with the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules of the FCA (as applicable) prior to the date of this announcement; or (v) in writing prior to the date of this announcement by or on behalf of Northgate to Redde (or its respective officers, employees, agents or advisers in their capacity as such)</p>
“EBITDA”	earnings before interest, taxes, depreciation, and amortisation
“Effective Date”	the date upon which either: (i) the Scheme becomes effective in accordance with its terms; or (ii) if Northgate (subject to the consent of the Panel and the terms of the Co-operation Agreement) elects to

	implement the Merger by means of a Takeover Offer, the date on which the Takeover Offer becomes or is declared unconditional in all respects
“Exchange Ratio”	the exchange ratio of 0.3669 New Northgate Shares in exchange for each Scheme Share
“Excluded Shares”	any Redde Shares beneficially owned by Northgate or any other member of the Wider Northgate Group;
“FCA”	the Financial Conduct Authority
“Forms of Proxy”	the form of proxy in connection with each of the Court Meeting and the Redde General Meeting, which shall accompany the Scheme Document
“FSMA”	the Financial Services and Markets Act 2000
“Goldman Sachs”	Goldman Sachs International
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
“Listing Rules”	the rules and regulations made by the FCA under the Financial Services and Markets Act 2000, and contained in the FCA’s publication of the same name
“London Stock Exchange”	London Stock Exchange plc
“Longstop Date”	30 April 2020 or such later date as may be agreed in writing by Northgate and Redde (with the Panel’s consent and as the Court may approve (if such consent(s)/approval(s) are required))
“Market Abuse Regulation”	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (and/or, as applicable, such regulation as it forms part of the domestic UK law by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended from time to time)
“Merger”	the recommended share-for-share merger of Northgate and Redde by the acquisition of the entire issued and to be issued share capital of Redde by Northgate, to be implemented by way of a Scheme or (should Northgate so elect, subject to the consent of the Panel and the terms of the Co-operation Agreement) by way of a Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof
“New Northgate Shares”	the new Northgate Shares to be issued to Scheme

	Shareholders pursuant to the Merger
“Non-Permitted Northgate Dividend”	as defined in paragraph 7
“Non-Permitted Redde Dividend”	as defined in paragraph 7
“Northgate”	Northgate plc
“Northgate Circular”	the circular to be sent by Northgate to Northgate Shareholders summarising the background to the Merger, which will include a notice convening the Northgate Shareholder Meeting
“Northgate EPSP”	the Northgate 2019 Executive Performance Share Plan as amended and approved on 23 September 2019
“Northgate Group”	Northgate and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them
“Northgate Prospectus”	the document required to be published by Northgate in respect of the admission to the Official List of the New Northgate Shares
“Northgate Quantified Financial Benefits Statement”	as defined in Appendix 4 to this announcement
“Northgate Share Plans”	the Northgate EPSP, the Northgate All Employee Share Scheme and the Deferred Annual Bonus Plan
“Northgate Shareholder Meeting”	the general meeting of Northgate Shareholders to be convened to consider and, if thought fit, approve the Northgate Shareholder Resolutions, including any adjournment thereof
“Northgate Shareholder Resolutions”	the ordinary shareholder resolutions of Northgate required to satisfy the Conditions to the Merger, being to: (i) approve the Merger as a class 1 transaction for the purposes of the Listing Rules; and (ii) grant authority to the directors of Northgate to allot the New Northgate Shares (and any amendments thereto)
“Northgate Shareholders”	the holders of Northgate Shares from time to time
“Northgate Shares”	the ordinary shares of 50 pence each in the capital of Northgate
“Northgate Statement”	means the statement confirmed by the directors of Northgate in accordance with Appendix 5 to this

	announcement
“Offer Document”	should the Merger be implemented by means of a Takeover Offer, the document to be sent to Redde Shareholders containing the full terms and conditions of such Takeover Offer
“Official List”	the official list of the Financial Conduct Authority
“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Code
“Overseas Shareholders”	Redde Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom and/or the United States
“Panel”	the Panel on Takeovers and Mergers
“Permitted Northgate Dividend”	as defined in paragraph 7
“Permitted Redde Dividend”	as defined in paragraph 7
“PRA”	the Prudential Regulation Authority
“Proposed Share Plan”	as defined in paragraph 10
“PwC”	PricewaterhouseCoopers LLP
“Redde”	Redde plc
“Redde Equalisation Dividend”	as defined in paragraph 7
“Redde General Meeting”	the general meeting of Redde to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document, including any adjournment thereof
“Redde Group”	Redde and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them
“Redde Meetings”	the Court Meeting and the Redde General Meeting
“Redde PSP”	the Redde 2016 Share Performance Plan
“Redde SAYE Plan”	the Redde 2014 SAYE Scheme
“Redde Share Plans”	the Redde SAYE Plan and the Redde PSP
“Redde Shareholders”	the registered holders of Redde Shares from time to time
“Redde Shares”	ordinary shares of 0.1 pence each in the capital of Redde
“Redde Special Resolution”	the special resolution to be proposed by Redde at the Redde General Meeting in connection with, among

	other things, the approval and implementation of the Scheme and the alteration of Redde’s articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the Redde Shares
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to Redde Shareholders in that jurisdiction
“Restricted Persons”	Redde Shareholders resident in, or nationals or citizens of, a Restricted Jurisdiction or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of a Restricted Jurisdiction
“Scheme”	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Redde and the Scheme Shareholders to implement the Merger, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Redde and Northgate
“Scheme Court Hearing”	the hearing of the Court to sanction the Scheme and, if such hearing is adjourned, reference to commencement of any such hearing shall mean the commencement of the final adjournment thereof
“Scheme Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
“Scheme Document”	the document to be sent to (among others) Redde Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and Redde General Meeting
“Scheme Record Time”	the time and date specified in the Scheme Document, expected to be 8.00 p.m. on the Business Day immediately prior to the Effective Date
“Scheme Shareholders”	holders of Scheme Shares
“Scheme Shares”	Redde Shares:

- (i) in issue as at the date of the Scheme Document;
- (ii) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and
- (iii) (if any) issued on or after the Scheme Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,

but in each case other than the Excluded Shares

“Scheme Voting Record Time”	the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
“SRA”	Solicitors Regulation Authority
“Substantial Interest”	in relation to an undertaking, a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking
“Takeover Offer”	if (subject to the consent of the Panel and the terms of the Co-operation Agreement) Northgate elects to effect the Merger by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act), the offer to be made by or on behalf of Northgate to acquire the issued and to be issued ordinary share capital of Redde on the terms and subject to the conditions to be set out in the related offer document and, where the context admits, any subsequent revision, variation, extension or renewal thereof
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“United States of America”, “United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“US Securities Act”	the United States Securities Act of 1933, and the rules and regulations promulgated thereunder

“Wider Northgate Group”	Northgate and the subsidiaries and subsidiary undertakings of Northgate and associated undertakings (including any body corporate, joint venture, partnership, firm or company in which any member of the Northgate Group is interested or any undertaking in which Northgate and such undertakings (aggregating their interests) have a Substantial Interest)
“Wider Redde Group”	Redde and the subsidiaries and subsidiary undertakings of Redde and associated undertakings (including any body corporate, joint venture, partnership, firm or company in which any member of the Redde Group is interested or any undertaking in which Redde and such undertakings (aggregating their interests) have a Substantial Interest)

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this announcement. All references to time in this announcement are to London time unless otherwise stated.